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PROCEEDINGS
OF THE
SEVENTH BIENNIAL
CONFERENCE CONVENTION
OF
THE TAX COMMISSION AND THE
COUNTY ASSESSORS OF THE
STATE OF KANSAS
HELD AT
TOPEKA, FEBRUARY 5 AND 6, 1920

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THE TAX COMMISSION.

SAM'L T. HOWE, *Chairman.*
JASPER T. KINCAID.
W. McD. ROWAN.

CLARENCE SMITH, *Secretary.*

APR 2 1925

PROCEEDINGS

Of the Seventh Biennial Conference Convention of the Tax Commission
and the County Assessors of the State of Kansas, Held at Topeka,
February 5 and 6, 1920.

REPRESENTATIVE HALL, TOPEKA, KAN.,

February 5, 1920—10 o'clock a. m.

The conference having been called to order by the chairman, the roll was called by the secretary, and the following county assessors were found to be in attendance:

County and Name.

Allen—Geo. Seymour.
Anderson—H. L. McNary.
Atchison—C. M. Voelker.
Bourbon—F. F. Pawling.
Brown—Floyd Whitcomb.
Butler—H. R. Martin.
Cherokee—Anna Masterson.
Clay—J. W. Nordstrom.
Comanche—C. G. Murray.
Cowley—Frank V. Brown.
Crawford—Frank Orr.
Douglas—Geo. C. Brune.
Ellis—M. A. Basgall.
Ellsworth—W. F. Sekavec.
Franklin—D. K. Emerson.
Gove—E. E. Baker.
Graham—H. D. Henderson.
Grant—R. R. Bechtelheimer.
Greenwood—Ethel E. Eastwood.
Jackson—C. F. Hurrel.
Jewell—Arch Bonecutter.
Johnson—F. K. Smead.
Kearny—Chas. S. Smith.
Kingman—Geo. A. Howe.
Kiowa—Chas. E. Cooke.
Labette—E. A. Milliken.
Lane—Edgar A. Lamb.
Leavenworth—Jno. McFarland
(deputy).
Linn—J. P. Frisbie.
Lyon—I. A. Laughlin (deputy).
Marion—O. V. Heinsohn.
Marshall—A. J. Harvey.

County and Name.

McPherson—A. J. Cedarholm.
Miami—Carson Lane (deputy).
Mitchell—T. H. McCall.
Montgomery—Mrs. Vance (deputy).
Nemaha—Effie M. Brown.
Ness—O. O. Stone.
Osborne—John Doane.
Ottawa—C. C. Davis.
Pawnee—Chas. Carlson (deputy).
Phillips—W. W. Warner.
Pottawatomie—J. B. Claywell.
Pratt—Grace McDowell.
Reno—Chas. H. Stewart.
Republic—Frank Rieman.
Rice—Perry A. Evans.
Riley—W. R. Yenawine.
Rush—Geo. C. Weber.
Saline—H. A. Ragle.
Sedgwick—M. H. Bruce.
Seward—Abe K. Stauffer.
Shawnee—Frank Bowen.
Sheridan—F. R. Robinson.
Sherman—Doris E. Soden.
Smith—J. F. Bennett.
Stafford—Katie Harris.
Sumner—Jas. H. Large.
Thomas—R. Wingfield.
Trego—C. H. Benson.
Wabaunsee—L. C. Burt (deputy).
Wallace—E. R. Ellison.
Wichita—A. J. Green.
Wilson—W. S. Lines.
Wyandotte—Wm. G. Bird.

The roll call showed sixty-five county assessors present.

After roll call, Commissioners Kincaid and Rowan proceeded to the governor's office to escort him before the conference, and upon his arrival he was introduced by the chairman.

CHAIRMAN HOWE: *Ladies and Gentlemen*—We have with us a gentleman to address you who needs no introduction to a Kansas audience because he has introduced himself to all the people of this state and the

people of the nation by reason of the force and vigor which he has displayed in whatever phase of activity he has engaged, whether the editorial chair, a Chicago convention, welfare or political conferences in Washington, welfare work on the fields of France, or endeavoring to settle differences between striking employees and their employers. I take great pleasure in presenting Governor Allen.

GOVERNOR ALLEN: *Mr. Chairman, Ladies and Gentlemen*—I would like to talk just a few minutes on the subject of the amendments. If we are going to get either one of these amendments through in the next general election then there will need to be much coöperation on the part of the county officers of the various counties of the state, on the part of the county clerks and the tax assessors.

To my mind there are two questions of equal importance that are companion amendments; the one giving the legislature freedom to classify property for taxation; and the one to create a revolving fund out of which the state can aid worthy people to own farm lands. They work together, because when it comes to the question of buying a farm in this country, the subject of taxation is a very important one, so you will pardon me a moment if I talk a few minutes; first, about the land amendment, and then tell where I think it coincides with the taxation amendment.

So far as the land amendment is concerned it presents one of the oldest problems in the world. Every nation has had to meet the menace of absentee landlordism; every one of the old countries has had to go through some process of redistributing its land. In Kansas to-day we have grown to a condition where practically 50 per cent of the farms of the state are tilled by men who do not own them, and, in Kansas, the condition is not as bad in this respect as in some of the other states. In Iowa—in some of the best parts of the state—absentee ownership is 62 per cent; in some counties in Illinois it is 72 per cent; in some of the counties of Ohio and Indiana it is from 50 per cent to 70 per cent. Now, what does it mean? It means in actual figures that for the last three periods of the census taking, there has been added each ten years an average of 440,000 American farmers to the agricultural lands who do not own the farms they till—440,000 tenants have been added—an average of 32,000,000 acres of farm lands have been taken from the ownership of farmers who tilled the soil and added to the ownership of land speculators, who for the most part own it as real-estate investment and have it tilled by tenant farmers. I don't need to tell people of your understanding of the situation—the growing menace that this situation presents. It has been a problem that was with the world from the days when Cæsar came back from the Gallic wars and sought a way out of the problem, to the days when Napoleon came back from the first victories and saw the need of individual ownership of land. The old Roman commonwealth recognized this problem when it provided that no man could fight in the Roman army unless he owned land. They recognized land ownership as creating a proper spirit for the army, and so they took from the proletariat the lands of Rome and gave them to the members of the army, and when the careless soldiers released the land they had received from the government, when the land reverted back into the

hands of speculators, the line of the Roman defenses weakened. France had the problem in the days of Napoleon, and so thoroughly settled it in that day that it became the reason for the courage and endurance with which France was able to stand "like a stone wall" against the enemy that overmatched her. In the army with which France met her enemy 60 per cent of the soldiers owned land. A great many in addition to this owned part interest in farms under coöperative plans. And so jealously has France watched this question of land distribution that in April, 1918, when on still nights we could hear upon the streets of Paris the sound of the guns at Chateau Thierry, the French passed a new homestead law. At that hour, when every day contained the possibility that there would be no France, they did this. They extended their land law so that it would protect the rights of the widows of those soldiers and at the same time guarantee to France that the land would be tilled by a people who owned the land.

New Zealand has made the best progress with the land problem of any country in the world. New Zealand began in 1894, apparently out of accident, and that's the way a lot of God's providences start. New Zealand had a law upon her statute books for a long time which provided that if a man were displeased with the valuation placed upon his land by the tax assessor he could fix his own valuation for purposes of taxation upon the land and the tax assessor was bound to collect taxes according to the valuation placed upon it by the man himself. The law had this peculiarity, however, that the valuation placed upon the land for tax purposes must become the sale price of the land in case the state should desire to purchase it, which was a proposition that had been a dead letter in the law for a good many years. Nobody had dared call the bluff of the state. Then an English landowner, who possessed eighty thousand acres of land, objected and said his assessment was too high, and the assessor said, "You have your remedy; enter your protest." The owner did this and reduced his valuation some \$300,000. They accepted his valuation upon his own land and the taxes, and the land commissioner of New Zealand, who was apparently possessed of much salesmanship, said, "We will buy that land from you at what you claim it is worth," and, of course, the Englishman had to sell it to the state. The land commissioner found himself with eighty thousand acres of land on his hands, and New Zealand never had any land before to sell. He divided the land into small farms and sold it, and in five years they had established a system. Up until 1914 New Zealand, working under this plan, had purchased 1,750,000 acres of land from 192 people and they resold it to 5,980 people, and the New Zealand land commissioner says they never had need of mortgage foreclosures in all these years. They have never had a shortage of prospective purchasers of the most worthy character. Indeed, he said in most years up to the beginning of the war they had not been able to use 65 per cent of the applicants who wanted to go upon the land under the system established by the state.

Canada has had for several years a plan of extending state aid to farm owning, and now, in addition to the plan she had in force through which state aid might be extended to the farmers, Canada has written a new homestead law by which she gives to each soldier an opportunity

to homestead a farm and lends him \$2,500 at 5 per cent, with twenty years in which to pay out. And if the man will submit himself to a certain process, attend agricultural lectures, take educational work along agricultural lines, they will increase the loan they make to him up to \$7,000—if he will submit himself to the necessary process wherewith he takes an education in scientific farming. What will happen in a state that is taking that constructive interest in its farming?

California asked the legislature five years ago for an irreducible fund of \$260,000 to start state aid to those who wanted to buy farms; *i. e.*, for the state to buy land and resell it. They started in California with the proposition that if it were a success the legislature would help them with a substantial appropriation. The next legislature appropriated one million dollars more, and the last session added to the \$1,260,000 they already had by giving \$10,000,000 to create a fund with which to help men own farms.

I do not want to go farther than wise and constructive legislation should take us, and \$250,000 would be sufficient to start with in Kansas. If then we prove that this is a success we don't need to ask for a bond issue. There is in the treasury of Kansas something like \$12,000,000 now being used for the benefit of the schools. This is earning from 3 to 4 per cent on long-time investments. It could be used for the purchase and sale of the land at 5 per cent; the schools would get a greater benefit from the larger rate of earning. I am perfectly conscious of the fact that there are in every neighborhood at lot of good tenants who offer no problem whatever. You have, for instance, a man who has lived on his farm all his life, he has worked hard on it, improved it, he loves it and still wants to retain it. He moves to town and leaves a relative or a neighbor on the land. There is no harm in that sort of land tenantry. With him there is no problem, but, unfortunately, this sort of tenantry is only a small per cent of the whole.

I received from Mr. Brown, a farmer in Lincoln township, Pratt county, a map in which he made farm by farm. Some of you are probably familiar with Lincoln township, Pratt county. In 1880, only 13 per cent of the land was owned by absentee landlords. To-day greatly over 50 per cent of that beautiful township is owned by land speculators. Mr. Brown says: "I have 1,000 acres of land myself, but I have seen this township go down and down and down until I realize that your program is the only solution of the problem, and any time the state is ready to give me a reasonable price for my land I will be very glad to sell it for redistribution."

We talk too much of a "back to the farm" movement. But let me tell you, we will not get anybody to go back to anybody's farm except their own. If you want a "back to the farm" movement, let people go back to farms which they may own. If any of you here own farms you know what the problem of help is. Mr. Todd, up here at Maple Hill, told me three days ago: "Allen, the farm labor proposition has become so bad that I am obliged to seed a lot of my acres to grass because I cannot get the farm help to raise grain." What does that mean? It means that we need more farm help. How can we cure it? Put more men on the farms,

raise more boys on the farm, make life attractive for them in the country, create a new class of farm labor. We are educating up at Manhattan Agricultural College 2,000 young men a year—and these are actual estimates from President Jardine—more than one-half of them go to other states in search of land. We are educating farmers in Kansas for some other state because we don't provide a suitable program through which we can help them own farms.

There is the Federal farm loan bank. Who does it help? It helps the man who owns a farm to buy another farm. I received a letter, when we were discussing this problem last winter, from a soldier whom I had known when in France. This boy said: "I want to get on a farm. I have acquired an appetite for outdoor work. I have saved \$600, but I know I can't buy a farm with \$600." Well, a man with only \$600 couldn't go to the Federal farm loan bank and receive any help. This boy said, "I don't want to go back into the garage." Any boy who saves \$600 out of his service after paying his allotment, his insurance and for his Liberty bonds will make a success, but how will he succeed? He will succeed as an automobile mechanic and he wanted to be a farmer. If the state had had a program of this kind this lad's chances of owning a farm would have loomed big.

Now, where does the taxation system touch it? In a good many places. If you pass the amendment you give the legislature the power to exempt mortgages from taxation. That is an antiquated injustice that has been in our constitution ever since our fathers passed it. To-day, as a result of the careful prohibitions the early legislators made, we are taxing everything in this state according to its visibility from hairpins to mules and land. An extremely wide range of differences of opinion exists in the judgment of assessors as to valuation, especially on land. It is the most elastic latitude I have ever witnessed in my whole life. For instance, in this county in one township a farm is worth \$27 per acre while the same sort of land across the road in another township is worth \$97 per acre. There is a tremendous range of opinion, depending a good deal upon what the assessor is thinking about at the time he made the assessment, and whose land it was, and who elected him, and upon whom he depends for reelection the next time, and whether or not he has influence. If our forefathers who made the constitution and created the tax system had been seeking to secure some cunning device under which they might make an inequitable tax system, they couldn't have done better than the plan they stumbled on. They made it especially difficult for the poor man to buy land in this state when they decided upon the taxation of mortgages, because to-day when a man buys a farm in Kansas—if he expects to see that all the taxes are paid that are prescribed by law, he has got to pay taxes on the mortgage, on the farm, and pay interest on the mortgage, and he cannot do it. It is entirely out of the question. Twice, the legislature of this state has voiced its opposition to the system of taxing mortgages. They have passed laws exempting mortgages, and the result has been that in one case the governor vetoed the measure, and in another case the supreme court held that the law was not constitutional.

Here is another proposition. To-day, I think something like 78 per cent of the taxes in Kansas are paid out of the real estate and farms—78 per cent. And as fully 50 per cent of the property of Kansas is in intangible form, the amendment would give the legislature the power to place upon the tax roll millions of this property that now hides away, and you will relieve from the burden of taxation the injustice that now relates to farm taxation and to real estate. Then here is an added possibility. Give the legislature power to classify property and it can be used as a splendid inducement in the land program. Say, for instance, here are two farms across the road from each other. You own one. I own the other. You live upon yours and you have worked hard on it; you have improved it, and it is a beautiful home and you love it. You have raised your children on it. You have built a house with all modern comforts and conveniences. It is a beautiful farm, and people who go by comment upon the prosperous appearance of that farm. And here is mine, neglected, across the way. I don't care anything about it. I live in town, but I just invested in the real estate because I knew it would increase in value. I get one drifter on the place and then another. I never paint the house or repair the barn or fix up the buildings. I just take one man and use him and see how much he can rob the soil of its fertility, and then another one, but I am holding the land for the unearned increment. I have n't had to do a thing. Now, comes the assessor, and he looks at your beautiful farm. "Wonderful farm," he says, and he taxes it accordingly, and then he turns to my shabby rented farm across the way and says it is n't worth very much. He penalizes the man who lives on his farm and loves it and takes a pride in it, and he gives me a low valuation that offers a premium to me upon the neglect I have visited upon my farm. You give the state the power to classify taxes and they may take off of the well-improved farm a part of the cost of improvements in order that the land of the speculator may bear a more just proportion of taxes.

And what will they do to you back home if they catch you trying to encourage any program like this? There are two classes of people who are fighting this amendment. The fellow that has a feeling in his heart that he owns more land than he ought to own, and the representative of the farm-loan mortgage company. The farm-mortgage man does not want to see what will inevitably come—a reduction of the rate of interest. No one who loans money on land wants to see that. Now, as a matter of fact, we are not seeking to injure anybody. We are seeking the solution of this problem at an hour when it may be cured gradually. And if you give to the legislature the possibility of using these two instruments you will have performed the most constructive piece of wisdom possible; you will increase home ownership in the country—farm ownership. And you will give the Tax Commission of this state, through legislative direction, an opportunity to readjust the taxation system of the state.

Then there is the other amendment that gives to the legislature the power to float a bond issue for good roads. I am perfectly conscious of the fact that the present good roads law needs amendments and re-

adjustment. Of course, the legislature may itself correct any of the inequalities of the present law, but the amendment is necessary so that the legislature may be authorized to create a bond issue whereby the state may take care of its obligations in the matter of good roads. When the state is given power to float a bond issue to take care of good roads, it is the intention to pay the principal and interest of this bond issue out of the automobile licenses. Owning an automobile in Kansas to-day, so far as the license is concerned, is the only cheap thing left in the world. The license, irrespective of the type of car, is \$5 per year. All around us it is from \$10 to \$20. Illinois has floated a \$60,000,000 bond issue out of automobile licenses. I am not in favor of this much, but I am in favor of a very considerable bond issue to be paid for out of automobile licenses. The owners of automobiles who use the roads ought to be responsible for a considerable share of the expense of building the roads.

CHAIRMAN HOWE: There are a few moments left before the noon hour. I will ask Mr. Kincaid to say a few words to you.

COMMISSIONER KINCAID: I never have accused Judge Howe of being unfair in my life, but I am going to say that this is most unfair, because I had not intended to make a speech. There are some things that always come up at assemblages of this kind, and we must impress upon ourselves the very seriousness of the subject of taxation. You are taking money out of people's pockets for the support of the government, and in doing that you can't be too cautious, you can't be too impartial, you can't be too careful that you adhere to and follow along the lines of equality just as far as the statutes and the constitution under which you work will enable you to do. It is no light matter to take up the whole work of an assessment. You have under your charge from a very few to thirty, forty or fifty deputies. I think in Wyandotte county last year they had 85 assessors under one person. They are working, and all this work must be completed within sixty days. So that it is the most important business that comes to you annually each season beginning with the first of March. You must know your work. You must know the character, honesty and capabilities of the deputy assessors over whom you have supervision. And if there is any advantage—in which we claim there is none—in having the township trustee act as the deputy assessor, it is that you know beforehand just whom you are going to have for your assessor. So many things will develop in the conference I am quite sure that will be of interest to all of us that I think it far better to take that course. In order that I may not be the only one that is treated unfairly, I know that immediately following me, Judge Howe is going to ask Colonel Rowan to make a few remarks.

CHAIRMAN HOWE: Mr. Kincaid took a part of my speech away, because to be perfectly fair I was going to call upon Colonel Rowan, which I now do.

COMMISSIONER ROWAN: I had no idea in the world of being called upon to make a speech to a bunch of county assessors and county clerks. Everybody likes to hear Governor Allen, and that's why we asked him to come here and say a few words. I was favorably impressed about the

governor's talk regarding the farms owned in France. He called them farms. Maybe they were. If there are any of you present who were over there, you know the size of the French farm—it was about so square. But we couldn't begin in this country to do the kind of farming that those people do. I don't want to see our people farm like they do, because the farming over there is done by the women, or was while I was there. The men were in the army. The old ladies and the children would work in those little fields. Take, for instance, down in the Vosges country where we were stationed for some little time. The hills are very steep. All the sides of these hills were checker-boarded with little farms. Think of a Kansas farmer harvesting his wheat with a sickle and putting it on a pick-a-back and carrying it down to the home where he lived. They utilized every foot of space. They even made the trees grow right up alongside a wall, and as the boys said, made them "right dress." And there was something planted right up to the foot of that tree. The cap sheaf, though, was when I saw them digging out the roots of the wheat and carrying them home in little baskets. We were passing a field one day where they were doing that. I happened to have sufficient rank to entitle me to an interpreter, and I said to him, "What are they doing there?" "They are gathering that for firewood," he replied. Firewood is the scarcest thing in France. Wine very plentiful. Firewood very scarce. They must keep warm from interior heat, I guess, in the absence of any from the outside. Those people love France. France financed her war from her peasant people. Not only financed it but fought it. The *poilus* of France were usually farmers. Happiest bunch you ever saw—and fight like the devil.

I was once unfortunate enough to have been county clerk and I know something about your troubles. Only two years of that time was I county assessor; the other service prior to the time the county clerks were made county assessors. I know something of about what you have to go up against. I have all the appreciation in the world for your work. It just simply means, ladies and gentlemen, that on your part, if you carry out your work and carry it out right, it means many a long night of toil, and it is up to you, because I know also how much the county commissioners depend upon a good county clerk. They don't question his figures; they take them for what they are. Accuracy is something very essential. I thank you for listening to these few remarks.

COMMISSIONER KINCAID: There being nobody else to do it, I am going to introduce Judge Howe, who informs me that he will make a speech.

CHAIRMAN HOWE: Now who is surprised? Well, I haven't very much to say. I know your troubles. I realize the difficulties under which you labor; the lack of help that you have in your offices. As a rule I don't believe the county commissioners of this state, as a general proposition, are liberal enough to the county clerks in providing them with help. There isn't any more important work—public work—than that of assessment. Governments cannot run without revenue, which is the life blood, and a fundamental proposition is that this burden shall be distributed in a relatively equal manner among all the people. You have got to have good work in assessment. Your work ought to be well supervised. Your

deputies ought not to be allowed to go haphazard at their work. The assessment sheets ought to be sent in every day or two so that the county assessor, or some one in his office, can go over them carefully, compare them with last year's statement and see what property is missing from this year's statement that was on last year's, and if there is a discrepancy, refer it back to the assessor and find out why, and put it in this year. All those things ought to be done. It can't be done unless you have the time or help to do it. If you could see—and some of you realize—the woefully extreme cases of grievances that come to us for adjustment, you would easily see that the situation ought to be rectified. We have had this last year, and we have every year, tax grievances presented where the assessor assessed taxpayers for their debts. For example, the deputy will take the sheet and when he comes down to horses he asks, "How many?" "Three, worth so much." Puts it down. Comes on down to mortgages. "Got any mortgages?" "Yes." "How much?" "\$2,500"—meaning that he owes \$2,500—and the assessor puts it down as owning a \$2,500 mortgage. It is the most careless proposition that I have ever gone up against and it makes trouble for everybody. It disarranges the funds of districts after the taxes are levied. It isn't right to be constantly putting your hand into the fund that is levied and handing it back to some one. What you want is as correct a basis of taxation in the first instance as you can get. And there is no way except in the assessment. Talk about equalization. The county boards of equalization can equalize generally among townships, bulk values in townships, but they don't have the time to get down to equalize among the individual taxpayers of the townships. They can't do it in the time they have; but some counties very fortunately have taken the time in advance of the meeting of the county board of equalization, and have spent considerable time in doing this, and I think it fair to refer to Reno county for one; Edwards, too, for another. They made a very large map of the county, and on every quarter section of land was placed the assessed value, and the county board really equalized all real estate in those counties; generally there isn't equality among the individual pieces of property, and I challenge any one of you to deny that there isn't discrimination in the assessments made in your county of real estate as between poorer grades of property and the better grades. I don't know why it is that the assessors can't see that it is not right to assess the wealthy man owning the better classes of property worth \$300 an acre just as high relatively as they assess the man who lives on a poorer piece of land, but they don't do it. You ought to see that the wrong is righted. I don't think that I have anything more to suggest at this time.

What can you say about farming in Bohemia, Mr. Sekavec? Were you old enough to remember when you left there?

MR. SEKAVEC, Ellsworth county: I was about twelve years old. I remember quite well. I think I could make a map of the neighborhood where I was born, to-day. Place every place, every house, just about where it was, I think. And it is just about the way Mr. Rowan says, that country in farmed intensively. Every foot of land is utilized, so far as the ownership is concerned, and worked about the same way, except I never saw sickles used. They have what they call cradles.

In other precincts of the country where the land was good and productive as where I was born, they did about as he relates. There are places where you could n't raise nothing but potatoes and oats. Where I came from we could raise the finest kind of wheat, rye, barley, potatoes, sugar beets, and a few acres of Indian corn were raised by the noblemen. The greatest trouble with that country was the noblemen, and they owned about two-thirds of the land in Bohemia; and as you have probably noted lately it is now a republic that was formed that is going to be designed along the lines of the government of this country. They are going to give back the land to the Bohemian people which was stolen from them some 300 years ago, and are going to make arrangements of some kind to divide it into small tracts in some way or other and sell it back to the people that wish to buy; something probably like the system that Governor Allen suggested here. The land would go back to the real owners, you know. And also the church property. The church owned a lot of the best kind of land, you know, and of course it is farmed by renters. As I understand they calculate to take that land from the church. I think after this that the country under the new rule of the republic, which is to a very large extent modeled after the American system of government, will be for the good of the people. The new president of the republic is quite well acquainted with American institutions. He was lecturer in some Chicago university for a year or two on some subject. His son, he represents the republic now in Washington; he worked in the Crane machine shop for five years, in Chicago, and, by the way, his mother is an American-born lady, and every one in that country thinks the world and all of Wilson and the Red Cross. Americans are held up like patron saints, so to speak. The country is very productive so far as I can remember; produces all those cereals and many others I don't know now. They claim they have 200,000 tons of sugar to export this year. First year after the war, you know. That speaks pretty well for so soon after the war. They are short of shoes and clothing. They have to depend upon American clothing. They are hampered in every shape and form, but as I said, I never saw France. I believe that France and Bohemia, as far as I can remember, have been very friendly; the French people think a whole lot of Bohemia and Bohemia thinks lots of the French. The people there are going to be governed just like we are in this country, and I think I live just about ten years longer since things turned out the way they did. If America didn't come in time to turn the tables on them Huns I believe I could live only two or three years longer if it should happen. I was so interested and I was so nervous every day when the enemy was coming into France, I could n't breathe, but thank the Lord that is all past and everything turning for the better. America has helped Bohemia to establish itself and become a nation among nations, and it is going to do much along the lines that America has done. I thank you very much.

CHAIRMAN HOWE: It is so near noon that we will not take up the work of the conference until after lunch. Ten minutes remain yet. If anyone has anything to volunteer for discussion we will be glad to hear what they may say.

MR. SEKAVEC, Ellsworth county: About Governor Allen's proposition. Of course he is well acquainted with the facts and it is a known fact that some men are acquiring constantly more land while others are losing, and I don't know, I think it is mostly individual ability in the first place. Some men are able to manage while others are running back through mismanagement and compelled to sell. Now, this man of course has lots of money and buys this land. This other man becomes a renter. I think that is the general way it goes, and how in the world we can ever accomplish this serious and great question I admit I have n't anything to say.

CHAIRMAN HOWE: If it has been done in other countries, why not here?

MR. SEKAVEC, Ellsworth county: To be sure, we are not so bad as other countries in that respect.

CHAIRMAN HOWE: Look at the example of Denmark, which the governor mentioned.

EFFIE M. BROWN, Nemaha county: Leave it to the governor, he can do it.

MR. SEKAVEC, Ellsworth county: No, I think it takes more than one man to do it. In the first place it takes legislation to get it, to start it, and our legislature of course is elected by the people, and our common people would probably claim that this is a socialistic scheme of some kind that would deprive them of their earnings and fruits of their work, and you know it is the wealthy man that has got the influence. It is the rich man that leads the poor man. It is a fact that we are governed really by a few rich men, not so much in Kansas perhaps, but take it throughout the United States I venture to say it is becoming quite serious.

CHAIRMAN HOWE: His proposition is intended to check that.

MR. SEKAVEC, Ellsworth county: I understand. I am just voicing the objections that we are going to meet. In the first place, would the legislature pass this amendment; create this revolving fund that would be used for this purpose? I admit I can't see through it far enough. I don't know of anything to stop this wholesale holding of lands by individuals. If there is any way to do it legitimately I am for it. I am overwhelmed with the job, with the obstacles that are met with, we have to meet, before we can succeed.

CHAIRMAN HOWE: We have to overcome obstacles to accomplish anything. We will now adjourn until 2 o'clock. Please meet here promptly at 2 o'clock.

AFTERNOON SESSION,

FEBRUARY 5, 1920—2 o'clock p. m.

CHAIRMAN HOWE: Now, ladies and gentlemen, before we proceed to a general discussion of topics, the Commission has prepared some suggestions, some instructions in regard to certain matters which it will put into the record of the conference at this time, and as these subjects are suggested there will be opportunity for discussion of each one immediately after its presentation.

DEBITS TO OFFSET CREDITS.

After the revised instructions for 1919 were printed and ready for distribution the supreme court of Kansas decided a case in which was involved the question of the right of the owner of an obligation secured by a lien on real estate to offset the same by his indebtedness in order to arrive at the taxable value of his credits.

The decision sustained the right to such an offset, and thereby was reversed the rule which had prevailed in the state at least as far back as 1876.

In advising the assessing officers of the result of this decision in so far as the revised instructions were concerned the most that could be done was to insert in the pamphlet at the beginning thereof a reference to the decision, and it is now necessary to indicate the corrections that should be made in the instructions upon this point contained in the pamphlet as revised for 1919.

In pursuance of the decision of the supreme court at its December, 1919, term in the case of *Ritchie v. Ahlstedt* the following suggestions in the Revised Instructions for 1919 are made of no effect and it will be well for all officers who obtain a copy of the pamphlet of instructions to strike out the following:

On page 16, under the head of *Debits and Credits* in the second paragraph at the end of the second line after the word "debts" strike out all the rest of the paragraph. The fourth paragraph is to be stricken out entirely as also the fifth paragraph, the one immediately preceding the next heading "Indebtedness to the State on Land Contracts may be Offset."

On page 53 of the pamphlet the last full paragraph relating to "Mortgages, mechanics liens, judgments, etc.," should be stricken out.

Any other statement in the pamphlet to the effect that debits cannot be offset against obligations owned which are secured by a lien on real estate are to be considered as of no force and effect.

Attention is called also to the personal property statements 2 and 2a, opposite schedule 18 where credits and debits are analyzed. Under the head of "Credits" in the second line (b) these words are of no effect and should be considered as eliminated:

"Not secured by liens on real estate."

The rule now is that any kind of credits owned, whether or not they are obligations secured by liens on real estate, may be offset by debits. However, credits do not include shares of stock issued by corporations; therefore, shares of stock issued by banks, building and loan associations or corporations generally, not being credits, cannot be offset by debits.

Neither can any other form of property than credits be offset by debits. For instance, if one buys animals on credit and gives a chattel mortgage on the animals to secure the payment of the consideration, the debt cannot be offset against the assessment of the animals. No property which the law requires to be listed for taxation can be offset by indebtedness except credits.

Section 11157, General Statutes of 1915, specifies certain debits which cannot be offset against credits—*i. e.*,

(a) Any bond, note or obligation given to any mutual insurance company.

(b) Any deferred payment or loan for a policy of life insurance.

(c) Any unpaid subscription to any religious, literary, scientific or benevolent institution or society.

(d) No debt which was created by a loan with government bonds as collateral or taxable securities as collateral.

No assessing officer should therefore allow a deduction from credits of the amount of any debit named in the preceding paragraph.

What is said above under (d) as to a debt secured by a pledge of taxable securities as collateral not being deductible from credits, revokes and

is intended to revoke the following paragraph which appears just below the middle of page 53 of the revised instructions:

"It should be noted that the word "taxable" in the last line of the law, just preceding the last word 'securities,' should be read nontaxable. The word 'taxable' is clearly a misprint."

This was the construction placed upon that part of section 11157, referring to the deduction of debits from credits many years ago when the membership of the Commission was different from what it now is, and the interpretation then given has been repeated from year to year without further consideration, but as the result of the new situation developed by the supreme court decision as aforesaid, has again had consideration and a very careful study with the result that the members of the Commission as now constituted are unanimous in holding that the words "taxable securities" in the last line of the section were placed there purposely by the legislature and mean just what they say.

The quoted remark on page 53 therefore is to be considered as contrary to the real meaning of the law, and of no force or effect.

Now that's all we have to say on that topic. Has anyone any questions or suggestions concerning it?

MR. CLAYWELL, Pottawatomie county: Will one mortgage offset another mortgage? For instance, if I hold a mortgage for \$2,000 against a piece of property and I own a mortgage of \$2,000, one mortgage will offset the other, will it?

CHAIRMAN HOWE: Yes, one is a debit and the other a credit. If they are of equal amounts they balance. There would be no assessment in that case.

MR. BRUCE, Sedgwick county: Are unpaid taxes on the first of March a proper debit which may be deducted from credits?

CHAIRMAN HOWE: No, sir. In this state taxes are not a debt. The supreme court has so decided. Mr. Kincaid reminds me that the legislature last winter refused to make taxes a debt. They really ought to be made debts so they could be sued on and collected as debt. Any other suggestions or questions?

COMMISSIONER KINCAID: As you are not asking any questions we assume that you understand the full import of the supreme court decision. Really what the supreme court decided was that mortgages secured by lien on real estate are a credit. The statute has always been that debits could be offset by credits, and we just merely get back to following the law, and you must bear in mind that mortgages or any other lien on real estate are credits; just follow the law and take debits from credits.

MR. EMERSON, Franklin county: Would real-estate sale contracts be a credit under this rule?

CHAIRMAN HOWE: Yes, sir, obligations secured by lien on real estate.

MR. SEYMOUR, Allen county: If I own \$500 of building and loan stock and I should owe \$400 or borrow \$400 on that, would I be taxed for the \$400 that I owe?

CHAIRMAN HOWE: You will be taxed upon the building and loan stock, yes.

MR. SEYMOUR, Allen county: If I deduct the \$400?

CHAIRMAN HOWE: No, sir, the supreme court has decided that building and loan stock, or any other kind of stock, is not a credit which may be offset by debits.

MR. SEYMOUR, Allen county: If I own \$500 of building and loan stock building and loan association and owes the association \$400 and the stock is pledged as collateral, is he entitled to have the debt deducted from the valuation of the shares for assessment purposes?

CHAIRMAN HOWE: Yes, the law expressly provides that an owner of shares pledged to the association for a debt due the association is taxable only on the excess value of the shares over and above his indebtedness. However, this is not in opposition to the rule. He don't get the deduction because his shares are a credit but by reason of the statute which provides for the taxation only of the excess of his shares over his debt.

If that is all we will proceed to the next topic. This may not interest you all, and yet it will a good many of you, probably.

PROPERTY IN HANDS OF TRUSTEES.

Another question considered by the Commission after the revised instructions were printed, had relation to the assessment of a particular class of property in the hands of trustees. The subject was brought before the Commission in the form of two questions, as follows:

(a) Are "Participation Certificates," under whatever name issued, subject to assessment and taxation under the laws of Kansas?

(b) Are "Real Estate Bonds," under whatever name issued, taxable under the laws of Kansas?

In asking the questions the framer thereof had in mind the proposition that the "Participation Certificates" and "Real Estate Bonds" were mere evidences of ownership, for the reason that upon their face it is expressly stated that the holders thereof own respectively an undivided interest in real-estate mortgages deposited with a trustee, which mortgages are held by the trustee as a trust fund from which to redeem and cancel the said evidences of ownership according to the terms of the trust agreement.

The conclusion reached by the Commission after a careful study of the subject was that the "Participation Certificate" or "Real Estate Bond" is simply an evidence of an equitable ownership in property to which the trustee has the legal title but holds for the benefit of the equitable owners of the property in the fund.

Another conclusion reached was that the trust fund in the hands of the trustee is the subject of taxation and that the evidences of the equitable ownership in the form of the "Participation Certificates" or "Real Estate Bonds" are not property interests subject to taxation in the hands of the holders thereof.

Section 11157 of the General Statutes of 1915 contains the following provision:

"Any property held in trust for the benefit of another shall be listed by the trustee."

All assessing officers are, therefore, advised that it is the property constituting the trust fund that is the subject of taxation in the taxing district where the trustee is located and that it is the duty of the trustee to return the property in the fund for assessment purposes—whether mortgages or other kinds of property—and to pay all legal taxes levied by reason of the assessment of such property.

All officers connected with assessment should, therefore, make careful investigation in order to become advised as to all such trusteeships so that all property in the hands of the trustees may be listed for taxation and be made to bear its fair share of the tax burden as is by law required.

CHAIRMAN HOWE: Any questions about that instruction? Probably the trustees of that kind will be found mostly in the larger cities. There are trust companies, and banks possibly, that act as trustees of the kind meant by these remarks, by these instructions. Now the fund in the hands of the trust company does not belong to the trust company, does not form a part of the assets of the company, and is therefore not covered by the assessment made of the shares of stock of the trust company or of the bank. The fund is outside of the assets of these institutions, held in trust for the benefit of others, but as suggested above, the law requires the trustee to list for taxation the property in the fund, in the district where the trustee is located.

MR. SEKAVEC, Ellsworth county: I was under the impression that the property must be assessed in the district where the owner of the property resides.

CHAIRMAN HOWE: That's what this says. The trust company is the legal owner—has the legal title.

MR. SEKAVEC, Ellsworth county: I meant in the case of guardian or administrator. The administrator lives in one taxing district and his ward in another.

CHAIRMAN HOWE: That don't come within this classification.

MR. SEKAVEC, Ellsworth county: That's all right, I understand.

CHAIRMAN HOWE: We have instructed about that in our Revised Instructions.

COMMISSIONER KINCAID: Some trust companies are following the plan of taking real-estate mortgages in large denominations and then issuing real-estate mortgage bonds, or participation certificates, stating on their face that it represents so much ownership in this mortgage.

MR. SEKAVEC, Ellsworth county: I see; I think I understand now.

COMMISSIONER KINCAID: And then they deposit legal title with the trustee, and anybody that wants to invest a smaller amount in these can take these participation certificates. The legal title is in the trustee, and the tax situs is where the trustee has a business situs. Should be assessed where the business has its situs.

MR. SEKAVEC, Ellsworth county: We haven't got anything of that kind in our county.

CHAIRMAN HOWE: Suppose that in Topeka there is a trust company that has a trust fund of that sort and issues participation certificates, and some are taken by citizens of your county. When you come across those you are not to assess them.

MR. SEKAVEC, Ellsworth county: Should not assess them?

CHAIRMAN HOWE: No, because the property is here.

MR. SEKAVEC, Ellsworth county: That would not apply to building and loan companies?

CHAIRMAN HOWE: No, that's different.

MR. SEKAVEC, Ellsworth county: That is a different proposition.

CHAIRMAN HOWE: Anyone else have any thought upon this point? Now we have here something that may cause you and your deputies some grief, but we think it is clearly the law of the case.

TAXATION OF MONEY INVESTED IN FEDERAL OBLIGATIONS.

Since the last assessment a new question has arisen as to the application of section 11163, General Statutes of 1915, to moneys invested in the war obligations of the government. The said section 11163 was originally enacted as section 11 of chapter 34, Laws of 1876, and has been upon the statute books ever since the latter date. The legislature, when passing the law, evidently had in mind the practice then prevailing of owners of moneys on deposit investing in Federal securities just a short time previous to the first of March in order to avoid taxation upon their moneys, and the statute was evidently designed to check, at least to some extent, that kind of tax shirking.

During the floating of the several war series of bonds the question of the taxability of moneys invested in those bonds arose, and after a very careful consideration of the subject the conclusion was reached by both the Tax Commission and the department of the attorney-general that such investments were not within the intent of the law, for the reason that the investments clearly were not made for the purpose of shirking taxation, but were made for the express purpose of sustaining the government in financing the great war in which it was then engaged. The emergency having passed, issues of the kind were no longer needed and there has been no Federal loan negotiated since the victory bonds were put forth, the subscription to which bonds ceased on or about May 18, 1919.

Evidently the reason for holding that such investments were not within the meaning of the statute was justified by the motives then inducing the investments, but the same cannot be said of investments made in such securities after the government ceased to call for war-emergency funds, and the conclusion of the Commission is—and in this conclusion the attorney-general concurs—that moneys invested in Federal obligations of whatever kind or character, at least since May 18, 1919, are to be considered by the assessing officers as investments within the meaning and intent of the said section 11163.

All assessing officers are, therefore, advised that moneys invested in any kind of a Federal obligation made since May, 1919, are to be listed for assessment and taxation under the terms of the said section 11163, *i. e.*, by dividing the investment by 12 and multiplying the quotient by the number of months during the year preceding March 1, when the moneys were not invested in such obligations.

A concrete illustration is this: On December 1, 1919, A invests \$60,000 in victory loan bonds. This amount is to be divided by 12 and the quotient, \$5,000, is to be multiplied by the number of months from March 1 to December 1—9 in all, thus making the amount to be listed opposite schedule 17a, \$45,000.

MR. PAWLING, Bourbon county: Does that apply to all bonds, that is, good roads, municipal, or any kind of bonds other than government bonds?

CHAIRMAN HOWE: It does not. The statute provides only for the taxation of moneys invested in Federal securities. There is a statute which provides that state obligations and obligations of the political subdivisions of the state need not be listed for taxation.

MR. PAWLING, Bourbon county: Same for government bonds?

CHAIRMAN HOWE: No, sir, we don't tax government bonds. This doesn't instruct as to taxing the bonds. We have never been able to tax bonds of the Federal government. This statute provides for the taxation of the money that is invested in the bonds.

COMMISSIONER KINCAID: Let me suggest that probably the reason the statute was enacted in that shape is that government bonds pass almost as money itself, while with other bonds they are investments; you buy them and you have to find investors.

MR. BRUCE, Sedgwick county: I don't see why it could not be applied to any kind of bonds. We are not taxing the bonds, we are taxing the money until it is turned into the bonds.

CHAIRMAN HOWE: It could be made to apply if the legislature said so, but it has not said so. That's the proposition.

MR. HARVEY, Marshall county: In the case of a mutual insurance company, like we have several in the state, where they have \$25,000 capital stock which is invested in various kinds of credits, and they operate under the note plan, both in fire and wind storm insurance, and hail insurance, and like they did up in my county, they purchased some \$40,000 of government bonds. What would be the Tax Commission's decision in a case of this kind? The entire assets of this company, capital stock, surplus and undivided profits, which is now something over \$40,000 invested in liberty bonds. It was not done for the purpose of evading taxation in the least. The company is headed and operated by a bunch of well-to-do farmers in the county. They had their cash in hand and the money was simply invested in liberty bonds, bought at \$92.50. Of course it was a good investment.

CHAIRMAN HOWE: The same rule would apply, Mr. Harvey.

MR. HARVEY, Marshall county: The money that they did invest would be taxable?

CHAIRMAN HOWE: Yes, sir.

COMMISSIONER KINCAID: That is a mutual fire insurance company, is it?

MR. HARVEY, Marshall county: Yes, sir. No one can say in this instance that any attempt was made to use the money in investing in Federal bonds for the purpose of evading taxation. They had this \$40,000 and invested in liberty bonds because they could be bought at \$92.50, and as I said before it was a good investment.

CHAIRMAN HOWE: The motive doesn't enter into it. Here is a statute that was designed to check tax evasion and the mere fact that somebody is caught in the net that is making a legitimate investment can't be helped. It is not a question of what prompted the investment. You can't draw the line between investments made during the year preceding March 1 as to whether they were for tax dodging or were *bona fide* investments, like you could do when these war emergency bonds were being floated and being taken up by the people in popular subscriptions from patriotic motives.

MR. HARVEY, Marshall county: I think quite generally in the state liberty bonds were deducted from bank statements last year; at least they were in my county.

CHAIRMAN HOWE: If they were they were illegally deducted.

MR. HARVEY, Marshall county: But wasn't it done quite generally?

COMMISSIONER ROWAN: There may have been a few cases, perhaps, but it was stopped.

MR. HARVEY, Marshall county: The banks in my county made a very hard effort to deduct them and I refused to let them do it. I got a ruling from the Tax Commission. Also a pamphlet from the State Bankers Association, and I believe there was a ruling out by the national government covering this deduction of money invested in liberty bonds, and I just wondered if it wasn't done generally in the state.

MR. SEKAVEC, Ellsworth county: We didn't ask for any advice, we just didn't let them. One case in point. You know they deducted in the results \$25,000 invested in liberty bonds, and I in my haste and anxiety added not only to the remainder what was left, but I added that \$25,000 to the original sum, thus making it \$25,000 more than they had, which I never knew until this last commissioners' meeting, when Mr. Cashier came in and called my attention that I had increased their actual assessed valuation \$25,000, I was sorry and I apologized. I was kind of ashamed of it and of course I corrected it.

MR. SMEAD, Johnson county: I would like to know what agency an assessor could employ to enable him to ascertain liberty bonds having been purchased by an individual or corporation since May, 1919.

CHAIRMAN HOWE: "You do solemnly swear, etc." Question under oath every person being assessed as to whether he has invested moneys in Federal securities during the year.

MR. CEDARHOLM, McPherson county: I understand it is just the money invested in liberty bonds; that money would be taxable the first of March, but suppose you kept those bonds until a year from the first of March, that is, until 1921, they would not be taxable.

CHAIRMAN HOWE: No, sir. You understand the bonds are not taxable at all. It is just the money invested. And the right to tax the money exists only in the year in which the investment in the bonds is made.

MR. BURT, Wabaunsee county: That decision catches a good many investors over the state. I know especially in our county there is one man that has \$40,000 invested in farm mortgages and the tax rate in his township is 2.37 and the mortgages draw 6 per cent interest. He takes up these mortgages when they are due and invests the money in liberty bonds because they are exempt from taxation. I know a good many men who hold mortgages who are planning on that same proposition. They bought them since May, 1919, and if I understand it right that money invested in those bonds will be assessed at the cost price of the bonds, not the par value of the bonds.

CHAIRMAN HOWE: It will be the value of the bonds on March 1 divided by twelve and the quotient multiplied by the number of months

of the year preceding March 1 during which the bonds were not owned. That gives the amount of moneys to be placed on the assessment roll.

MR. MURRAY, Comanche county: That would reverse the decision of a case we had in our county last year where money was converted into government bonds—the Dick H. Rich case that came up from our county last year. It will reverse your decision in that case, will it not?

COMMISSIONER KINCAID: The decision in that case only applied that year.

MR. MURRAY, Comanche county: That's what I mean. If he repeats again this year the money will be taxable?

CHAIRMAN HOWE: If he invests his money between March 1 of last year and March 1 of this year the money will be taxable as indicated above. You will catch him for nearly twelve months on the money that he puts into them if the bonds are bought in February of this year.

MR. MURRAY, Comanche county: After May?

CHAIRMAN HOWE: Clear back to March 1. Investments made after May, 1919, go back the full year. I don't know whether it reverses it or not. I don't remember the full facts about it.

EFFIE M. BROWN, Nemaha county: How about coupons of credit?

CHAIRMAN HOWE: What kind of coupons?

EFFIE M. BROWN, Nemaha county: Coupons of credit. I don't know very much about it, only just that. People invest in them so there won't be any taxes; won't have to pay any taxes on the money.

CHAIRMAN HOWE: Do the banks say there won't be any taxes?

EFFIE M. BROWN, Nemaha county: I think so.

CHAIRMAN HOWE: I would like to see one of those coupons and see whether the money invested in it is taxable or not.

EFFIE M. BROWN, Nemaha county: The first time I ever heard about them.

CHAIRMAN HOWE: If the investment is in government coupons the rule will apply; if the investment of money is in municipal or other political subdivision obligations there is no requirement to list for taxation the money invested.

Mr. Harvey, going back to your question about insurance companies, you are familiar with the law that was passed last winter about the assessment of those companies. Colonel Rowan, will you read that section, please. (Commissioner Rowan reads.)

§ 11237. For the purpose of assessment of its property each mutual fire and mutual life insurance company shall annually in the month of March furnish to the assessing officer of the assessment district in which its principal place of business is located, a statement verified by its president, showing specifically with reference to the year next preceding the first day of January then last past: (1) A duplicate of the statement required by law to be made to the state superintendent of insurance for the said year last past; (2) a detailed statement of all its property and assets of every kind and nature whatsoever and the value of each item thereof, including surplus, guaranty and reserve fund, and the amount of each. It shall be the duty of the assessor, upon the receipt of such statement, and from other information acquired by him, to assess against

each and every institution referred to in this section, the value of all personal property owned by such institution, and all the said property shall be assessed at the actual value in money thereof on March 1st of the current tax year. [Id. § 2.]

MR. HARVEY, Marshall county: I fail to see the justice of this statute, or in your explanation, from the fact that during the war as you say the Commission and the attorney-general's office decided that money invested in liberty bonds was more in the shape of a patriotic duty than an attempt to evade taxation. What is the difference now? Just as many are just as patriotic now as at that time. Say, for instance, I buy \$1,000 worth of liberty bonds to-day. Why, when I accept a low-paying investment, should I be taxed for those and not for the others that I hold because I bought them during the war?

CHAIRMAN HOWE: It has already been determined that that is the law.

MR. HARVEY, Marshall county: I fail to see any justice in it.

CHAIRMAN HOWE: Change the statute, that's the remedy.

MR. HARVEY, Marshall county: I will have to go before the legislature to do that.

MR. LARGE, Sumner county: We have an insurance company in Sumner county. Every year they hold an annual election and elect a treasurer in some township. Their tax situs is in Wellington city. The money is in the township. The way I understand that now, is that to be given in Wellington city?

CHAIRMAN HOWE: No, that old statute is still in force. The tax situs of the property in the hands of the secretary is in the district where he lives, and that in the hands of the treasurer is taxable where he lives.

MR. VOELKER, Atchison county: The question on which Brother Harvey just spoke, has it not always been the law, that these liberty bonds were taxable only that through an agreement of the attorney-general's office and the State Tax Commission, for patriotic reasons, that they didn't tax them a year ago?

CHAIRMAN HOWE: Technically it might have been argued that they were within the meaning of the law, but we considered the question very carefully and we knew the intent of that statute was to check tax shirking, and we knew also that the liberty bonds and victory bonds were not taken for that purpose, and therefore both departments felt justified in excluding them from the intent of that law, but the motives then prevailing no longer exist.

MR. VOELKER, Atchison county: It would seem to me that after the attorney-general's office and the Tax Commission have again arrived at a decision that they are taxable that the assessors in Kansas should go to work and assess all liberty bonds, whether bought during the war or purchased since May, 1919.

CHAIRMAN HOWE: We can't agree to that, Mr. Voelker.

MR. VOELKER, Atchison county: Can't that be decided further?

CHAIRMAN HOWE: No, I think not. We have disposed of that in this proposition.

MR. BIRD, Wyandotte county: It is n't the bond in any sense that we assess. It is the money that went into the bond, is n't it?

CHAIRMAN HOWE: Sure. Now Mr. Harvey's question. We will go back to that. The decision made by the Federal supreme court and by other supreme courts upon the right of the taxpayer to take from his assessment exempt securities is this: When you are assessing the shares of stock of a bank or of a trust company you are assessing the personal property of the individual who does n't own the exempt securities. The exempt securities are the property of the institution which issued the stock, but the shareholder does n't own any interest in the securities, and the Federal court and other courts have decided that from the shares of stock owned by the individual cannot be deducted the exempt securities held by the institution which issued the shares. On the other hand, when you are assessing the assets of the corporation itself, exempt securities are nonassessable, but in such a case here is this statute which says that moneys invested in Federal bonds shall be assessed. Next year the company would get rid of the assessment of the moneys. It is only to the investment year that the statute applies. There is that distinction which the courts make as to the deduction of exempt securities from the assessment.

MR. BENNETT, Smith county: There was a decision of the Federal court in the case of the *County Commissioners v. Iowa Savings Bank*, Southern district of Iowa, in which they held that those kind of credits are taxed against the individual; the individual is allowed to deduct nontaxable credits. I read that last year in case in point where a bank up there deducted \$2,500 in liberty bonds, and the *Bankers' Journal* sends this out. Shows that the Federal court of Iowa had decided that decision, and I read it just as you read it, but they did n't read it that way, and some of them got pretty hot about it.

CHAIRMAN HOWE: You were correct. There isn't any question about it. Of course there was something said previous to the rule which somebody otherwise minded might plausibly take to mean a different thing. It is very plain.

MR. CLAYWELL, Pottawatomie county: I would like to ask a question along the line of taxing moneys invested in Federal securities. Frequently we have men, prior to the first of March, convert securities of different kinds into real-estate investments. For instance, if a man had invested \$20,000 in government bonds along in May of 1919, and six months later traded his government bonds for real estate, would he be taxable for the value of that money, or in other words, \$10,000 on the first of March, say? The transaction had been made prior to the first of March. What I am getting at is this: Is he taxable for money invested in government bonds which he really doesn't have? Would he also be taxable on that money that had been invested in government bonds for a portion of the year 1919?

CHAIRMAN HOWE: He can if he bought the bonds during the year preceding March 1 and had them on the first of March.

COMMISSIONER KINCAID: Unless the bonds were in his possession on the first of March he would not have to.

MR. CLAYWELL, Pottawatomie county: Say a man would own those bonds for seven months and disposes of them at the end of six months, or a month before the first of March, he would not be taxed. Is that the idea?

CHAIRMAN HOWE: No, he would not be taxed if he didn't have the bonds on March 1.

MR. McNARY, Anderson county: He would have to pay taxes on that money for the year 1919 up until now.

CHAIRMAN HOWE: If I understand you right I would say yes. Corporations generally are assessed under the provisions of section 11164, which provides that the corporation shall list the stock for taxation, and that the individual owners of the stock need not list it. Now the supreme court has decided in the Salina building case—Mr. Ragle will remember that case—that the property of the shareholder is to be reached through the return made by the corporation; consequently in assessing general corporation stock you are assessing the property of the shareholder, not the assets of the corporation, except that the corporation is required to list certain assets. Now then, if it lists certain assets under this statute, the shareholders are entitled to have the assessment of those assets deducted, but are not entitled to have deducted from the value of their shares of stock the value of non-taxable assets owned by the corporation.

MR. McNARY, Anderson county: In this case I speak of it as a corporation having its capital stock, surplus and undivided profits. Any time he could buy a bond for 93 cents on the dollar he bought it. Now, wouldn't that money be part of their stock?

CHAIRMAN HOWE: Capital stock has two meanings. There is a distinction between capital stock of the corporation and the shares of stock which the shareholders own. Now it is the assets of the corporation that are being invested in the bonds. It isn't the shareholders who are investing in the bonds. It is the corporation itself which is investing its money. In a case of that sort the corporation is required to list all property that individuals are required to list. If during the year preceding March 1 it invests any moneys in Federal bonds it comes within this rule just announced. The investment must be divided by twelve and the result multiplied by the number of months they didn't own the investment and be charged with that. All that can be deducted from the assessment of the capital stock, as the property of the shareholders is the assessment of the taxable assets.

MR. SEKAVEC, Ellsworth county: I was going to ask you if a corporation resides in the state of Kansas and a party owns stock in that, is that stock assessable?

CHAIRMAN HOWE: You mean a foreign corporation?

MR. SEKAVEC, Ellsworth county: No, if it is in the state of Kansas—suppose in Topeka or Kansas City, Kan., and a person buys stock in that corporation, is that stock assessable in the state of Kansas?

COMMISSIONER KINCAID: No, the corporation is assessed where its principal office is located. Section 11164 says that no person shall be required to list any portion of the capital stock of any company or corporation which is required to be listed by such company or corporation. That is the opening sentence of that section.

MR. SEKAVEC, Ellsworth county: It does not apply to building and loan associations?

COMMISSIONER KINCAID: No, sir. Section 11164 refers to all corporations except those for which different statutes have been provided, and different statutes have been provided for building and loan companies.

NOTICE TO TAXPAYERS.

CHAIRMAN HOWE: The Commission also desires to suggest at this time certain rules upon other matters:

First. County assessors should impress earnestly upon deputy assessors the importance of advising every property owner when he is being assessed, of his rights under the law, i. e., that if he has a tax grievance he must present it to the county board of equalization at its session in May, and that if he is refused redress he can appeal to the state board of equalization within thirty days after such refusal, and further, that if he does not go before the county board during its ten days' session he cannot appeal to the state board, and having slept upon his rights, will thereafter be unable to obtain relief.

Now that of course relates to excessive valuations. We have found an alarming ignorance among taxpayers as to the laws of taxation. They don't know their obligations; they don't know their rights, and they ought to be advised by somebody, and nobody should be so competent to do this as the assessing officers.

MR. BIRD, Wyandotte county: The legislature don't give a man a chance to do his work except in a hurried manner, much less spend any time on it. There is only about 55 working days to assess people. There won't be much time to explain things, to my mind.

CHAIRMAN HOWE: That's true, but —

MR. BIRD, Wyandotte county: We used to have ninety days. Why was that reduced? Any reason for it?

CHAIRMAN HOWE: I don't remember when there was ever any ninety days.

MR. BENNETT, Smith county: You take the average assessor, he is unable to comprehend that bank statement. He can't determine the book value and doesn't know how to ascertain it. It is too much work for him and he lets the bank do it. I will venture to say that there isn't one assessor out of twenty-five that can go out and find the book value of stock and apportion it to the different shareholders of the bank as it ought to be. They just let the bank do it.

MR. BIRD, Wyandotte county: No assessor ought to do that. He ought to find the value himself. That is what the law contemplates. Is that not true.

MR. CLAYWELL, Pottawatomie county: In the assessment of banks and

other corporations the good will of the concern is to be taken into consideration in determining the value of the shares of stock, or actual book value.

COMMISSIONER ROWAN reads:

§ 11236. Shares of stock issued by national banks and by state banks and savings banks, or other banking organizations, and by loan and trust companies, located in this state, shall be assessed to the individual shareholders at the place where the particular bank, or loan and trust company is located. The president, cashier or other managing officer of each and every institution of the kind named herein which has issued shares of stock shall furnish to the assessing officer upon demand during the month of March of each year a list of all the shareholders and of the number of shares owned by each shareholder, and the assessing officer shall list to each shareholder for taxation purposes the assessable value of such shares as hereinafter provided. To aid the assessor in fixing the value of such shares the returning officer shall furnish to the assessor under oath a statement correctly showing the amounts of capital stock, surplus and undivided profits as of March first of the current tax year. By undivided profits is meant all earnings of the institution which have not been carried to surplus or paid out in dividends under whatever account carried, whether as undivided profits, exchange, interest, stockholders' account, or other account representing interests of the shareholders. The assessor from such statement shall base his valuation upon the capital, surplus and undivided profits, the latter ascertained as provided herein, unless an investigation shall show incorrect returns, in which case he shall determine what returns should have been made to correspond with the facts disclosed by the investigation and shall revise the returns and use such revised returns as the basis of the assessment: *Provided*, That if any portion of the capital stock of any such institution shall be invested in real estate and the institution shall hold a title in fee simple thereto, the assessed value of said real estate to the extent of one-third of the combined capital and surplus, owned as a banking home shall be deducted from the original gross valuation of the shares of stock and such real estate shall be assessed as other real estate; also, there shall be deducted the assessed value of real estate owned by the institution to which it has a fee simple title other than the banking home to the extent of one-third of the combined capital and surplus unless it shall have been owned more than five years, in which event it shall not be deducted; but, the assessed value of real estate owned outside of the state of Kansas shall not be deducted. The net assessment when so ascertained shall be divided among the shareholders proportionately according to the number of shares owned by each shareholder. Any such institution shall pay the tax assessed upon the shares of stock and shall have a lien thereon until the same is satisfied: *Provided*, That if for any reason the taxes levied upon the shares of stock shall not be paid by the institution, the property of the individual shareholders shall be held liable therefor. [L. 1919, ch. 306, § 1; took effect March 12, 1919.]

CHAIRMAN HOWE: Now, that provides that the book value shall be the basis for the assessment, but it doesn't say in terms that it shall measure the assessment. There are numerous statutes which provide that all property shall be assessed at its actual value in money, and the supreme court of Kansas, in the case of the Harvester Building Association, decided that in assessing the shares of stock as the property of the shareholder, reached through the medium of the return made by the corporation, that it is the actual value of the shares of stock that is to be assessed, and that that value may include intangible values, which

means, of course, good will, going concern, or other intangible value. In that case—

COMMISSIONER KINCAID: You will find it in 98 Kansas at page 732.

CHAIRMAN HOWE:—The corporation had paid in about \$50,000. It invested that amount, or nearly that amount, in a building. It rented that building so as to produce an income which enabled the corporation to pay dividends upon the capital stock—\$60,000 I think it was—and the county came to us for advice as to what that stock should be assessed at. We advised that the law required the stock to be assessed at its actual value in money, which meant any intangible value in it, such as going concern, or good will. The case was litigated and the lower court sustained the litigant. It came to the supreme court and the supreme court reversed the lower court and held that it was not the investment that measured the assessment of the stock but it was its actual worth on the market. Now take that in connection with the other statutes which requires that all property in the state shall be assessed at its actual value on March 1, it means that bank stock is to be so assessed. Does that answer the question?

MR. BURT, Wabaunsee county: Take for example the assessment of a bank in our county, which I think would be a concrete example of the assessment of all banks probably in the state. The book value, capital and surplus will bring the shares to about \$140 a share, but it is a noted fact that those shares will sell for \$190 a share. People buy them and they give that for them. Those that own the shares won't sell for less than that because the income amounts to somewhere between 15, 20 and sometimes 25 per cent. There is \$50 of intangible value. How would you do, assess them at \$140 or \$190 a share?

CHAIRMAN HOWE: We just told you a moment ago to assess it at what it is worth. That is up to the assessor to find out what it is worth, and assess it at what it is worth.

MR. STRATFORD, Butler county: Would failure to notify a bank of a raise in their assessment invalidate the assessment? We had a case in our county last year where we made assessments on a lot of banks in the county, and in two cases we notified the cashier of the banks of the amount that we had raised their assessment. In the other cases we neglected to do so. The banks took the case into the district court of Butler county last fall, and they made a decision against the county on all taxes except the tax on the capital stock, surplus and undivided profits, for the reason, as the judge stated in his decision, that the county assessor had failed to notify the banks of the increased assessment, and let the two banks which had been notified go in on the decision. Now, you gentlemen probably are familiar with the case where Mr. Martin and I, we raised the assessment of all the banks in Butler county for the reason that about fifteen out of the twenty-three banks had made a profit of over 35 per cent on their capital stock and surplus for the year 1918, and three of the banks in the county had made a net profit of 83, 84 and 85 per cent on their capital stock and surplus. Now we assessed the stock of those which made the highest profit at about \$600 a share

on \$100 valuation. We figured that an 85 per cent net profit should show a valuation of probably six times the book value of the stock. But the judge of the district court down there cut the assessment of every bank in Butler county to the capital stock, and one of the banks that made 85 per cent profit was sold, and every share of that bank brought \$600, but the judge said that the capital stock, surplus and undivided profits showed the actual value of the bank shares of stock. That's a proposition where I can't understand how a person is going to get above what they show they are worth. Your statement this last spring was a little bit ambiguous apparently to the banks, because every bank in Butler county showed capital, surplus and all of the undivided profits since March 1, 1918, instead of showing the profits from the first of January, or the end of their fiscal year to the first of March; they showed all of their undivided profits. Only one bank found it out, but they came and got their money back. The commissioners will have to give the money back. Those banks down there will raise the question every year we put the assessment above what they show it is worth, and if the county commissioners do not take interest enough in the matter to take it up with the supreme court, and take a chance of getting a decision there, the county is stuck for the money, something like \$7,000 last year, I think.

COMMISSIONER KINCAID: What was this particular bank that sold for \$600 a share?

MR. STRATFORD, Butler county: The George W. Brown State Bank of Augusta. Showed an assessment of some \$85,000 less the real estate. As I recollect the *Bankers' Journal* last year put it out that the capital stock, surplus and undivided profits were to be the actual amount of the assessment, and not the actual value determined by the assessor. As a matter of fact, it occurs to me in my two-years experience that the average deputy assessor would not be deputy assessor at \$5 a day if he knew enough to go into a bank and do the bank's work.

CHAIRMAN HOWE: Do you mean to say, Mr. Stratford, that the litigation stopped right there; that the county board will not take it to the supreme court?

MR. STRATFORD, Butler county: Yes, it is already settled. The banks paid their taxes as directed by the judge, and the incident is settled so far as the board of commissioners is concerned. The county accepted the taxes as directed.

CHAIRMAN HOWE: It does not seem that the board of county commissioners was endeavoring to protect the public very much in accepting that conclusion when there is a higher court to pass upon those questions. Of course, the question you raise about their not being notified about the intention of the county board to raise them—

MR. STRATFORD, Butler county: My statement was that they were not notified by the assessor himself when he made the increase. The county board had nothing to do with the assessment.

CHAIRMAN HOWE: There was no ground for any such decision by the district court. The county clerk publishes a notice a sufficient time

in advance in the official county paper that the county board is going to meet to equalize, and it is the duty of every taxpayer to know when that board meets. Now the failure of the deputy assessor to notify the bank when he raised the assessment was an irregularity; he ought to have so notified. Every man is entitled to know what he is assessed at, but the courts would probably hold that that was such an irregularity as was cured by the right of the aggrieved person to appear before the county board of equalization for redress of any grievance he had.

MR. STRATFORD, Butler county: The law, Judge Howe, says that the taxpayer shall be notified if the assessor intends raising the valuation.

CHAIRMAN HOWE: Yes, section 11166, General Statutes of 1915, provides that the change in value shall be made at the time the return is made to the assessor.

COMMISSIONER KINCAID: As I understand, not only did the district court's decision refer to the banks that didn't receive notice, but also allowed the assessments of those banks that did receive notice.

MR. STRATFORD, Butler county: Yes, sir, the whole thing went right in.

COMMISSIONER KINCAID: Possibly they all joined in the suit.

MR. STRATFORD, Butler county: Yes, sir, and we were the goat.

MR. GEORGE A. HOWE, Kingman county: In our county the assessment of banks was increased over the book value and the bankers met with the commissioners and agreed among themselves how much they would be assessed at. That's the way we handled it.

CHAIRMAN HOWE: Well, that resulted in the taxpayer assessing himself and not the officers of the county assessing him, which is an incorrect procedure.

MR. MCKOON, Miami county: I would like to ask a question. Was this matter checked up to the Tax Commission, Mr. Stratford?

MR. STRATFORD, Butler county: It didn't get that far. I had the impression that one of their attorneys was up here. I know the matter was checked up to the Tax Commission by Mr. Martin and myself. We sent copies of the statements up here, but further than one of the attorneys of the banks being up here, I am not sure as to that. But we had quite a meeting of the representatives of the banks and county commissioners and a few of us there one day, and we suggested that probably the proper thing to do would be to pay the taxes under protest and check it up to the Tax Commission, but I reckon they were afraid to do that, and the district court took jurisdiction and settled it.

MR. HURREL, Jackson county: A person has a right to rely upon the statement that goes out to them and is made to the assessor and accepted by him. Now I don't think it is the duty of every person in the county, after they give in their statement, it isn't their duty to go after that and look up every one of these statements. The law comes in here and says they shall have notice, and I think when any change is made in that assessment of banks, individuals or any one—a change is made after it goes out of their hands—then of course they must be notified so that they can go before the board so they can get their remedy. Now that is fair

and I suppose the courts will sustain that theory. I think it is the duty of the assessor to raise them any place along the line. I think that is fair to the taxpayer and fair to everybody.

CHAIRMAN HOWE: I don't think there is any question about that being the proper thing to do. They ought to do it. Should advise every taxpayer what his raise was and what his obligations are.

MR. SEKAVEC, Ellsworth county: If a man gives you the original worth of the capital stock, surplus and undivided profits and any other funds that they have, and if they give you all that they have got on hand in cash to take up this stock and you divide the stock by the number of shares and find the result for each share, and if you assess him on that, I can't see what else you could do.

COMMISSIONER KINCAID: Here is the proposition. Here are two banks whose earning capacity are similar. Both can earn \$10,000, and the first one doesn't pay its stockholders anything, but increases the surplus \$10,000. Now, that shows up in the book value, doesn't it? But now, on the other hand, the other bank hasn't built up any book value at all, but gave to the holders of its shares \$10,000 in profits.

MR. SEKAVEC, Ellsworth county: That dividend ought not to be attached to the property assessed. The amount of money that was divided up at the end of the year, I mean, and so it would show full value, wouldn't it?

COMMISSIONER KINCAID: The recipient of the dividend would have property of some kind.

MR. SEKAVEC, Ellsworth county: That is true, if that was the case.

MR. HARVEY, Marshall county: Right along the line of the suggestion of notifying individuals or corporations where a change is made by the deputy assessor, I am absolutely sure that that is either found in the law or else I read it in the Tax Commission pamphlet to the county clerks, that they shall be notified when a change is made.

CHAIRMAN HOWE: We have said in our instructions that every taxpayer should be notified of every change. Now, the supreme court, in that bank litigation two or three years back—I will just refer to it now—decided that shares of stock are to be assessed at actual value in money, which might or might not coincide with book value. It might be less than the book value; the value of the shares. It might be more.

MR. DOANE, Osborne county: Isn't it a fact that the assessment of the banks over the state shows that they are assessed at book value instead of actual value of shares?

CHAIRMAN HOWE: It is my impression that most of the returns do show that the book value is the usual measure of value fixed upon the shares by the assessing officers.

MR. BIRD, Wyandotte county: I would like to say for the benefit of the county assessors of the state that I had a similar condition in my county and the banks claimed I dealt unjustly with them when I enforced the law, and I want to say that if I had been the assessor over there in Butler county I would have brought it to the State Tax Com-

mission. I appealed fourteen cases, and it was adjudicated before this Commission and settled, and I know now what to do next year. Now, with you, it is just up to your judge. As long as your judge is going to fix your rate what is the use of having the assessor?

CHAIRMAN HOWE: The supreme court has decided a number of times that excessive valuations cannot be reduced where it isn't sought in the regular manner provided by the statute, and the court has decided, also, that a court of equity even cannot enjoin the collection of taxes upon an excessive valuation where the taxpayer has not complied with the statute in getting it reduced.

MR. STRATFORD, Butler county: How is a person going to know what expense they were at during the year?

CHAIRMAN HOWE: You have a right to go to their books and ascertain whether a correct return has been made. I want to say, too, that Butler county is not the only county where the local authorities have permitted the public interests to suffer by not going to the supreme court. There are other counties in the same fix as Mr. Stratford's county; Mr. Sekavec of Ellsworth, his is the same way. Always had trouble up there to assess the salt interests. Have never yet been able to get it to the supreme court on its merits. When we have attempted to bring it up here the board of county commissioners settle it out of court, or some other way.

MR. SEKAVEC, Ellsworth county: Yes, that's a sad story.

MR. HARVEY, Marshall county: I would like to ask if the State Tax Commission sent any bank statements back last year. Were they satisfied that the copies of the statements that were sent in were all right? I sent mine in and never heard any more from them. It seems to me there is an undue prejudice about the assessment of banks. I believe—I firmly believe—that the bank itself makes a most honest return of any taxpayer, and I cannot see where they are at fault. I have never attempted to ascertain the intangible value of banks, such as going concern, good will, etc. I don't believe there is any such thing. I never could see that there was anything taxable there and have never gotten any value, but I believe I have a very fair value on my bank stock. It is assessed at its book value, and I never could see but what bank stock is worth only book value, only possibly in some extreme cases. If I wanted to buy a cashiership I might possibly be willing to pay \$200 to \$250 for stock, and I think it is rather the exception to the rule where banks make 85 per cent profit. I have never been able to find any way of getting the assessment—for instance, we have a bank, a \$75,000 bank. It is owned by the men behind the counter. If they are having a good year they take a \$6,000 salary, then there isn't any surplus or undivided profits; the salary takes it. If the year is not so good they take \$4,000 salary. They are all behind the counter and they take all the earnings of the bank in salary, and what are you going to do with a bank like that? They will invite you in and let you work over their books for a week if you want to. It is all owned by one family. I can't see how you can get any more value. I wouldn't buy a share of that stock for \$100.

It wouldn't pay 8 per cent if I bought the stock. How much more assessment are you going to get out of it? We have farmers' union elevators. What kind of an assessment would you expect out of a farmers' union elevator that has \$10,000 paid-up capital, and they did \$100,000 business last year, and on the first Monday in January they will hold the annual meeting and divide up the money, and on the first of March their assessment of stock will be worth \$10,000? They will have \$10,000. That's every dollar they will have. No surplus, no undivided profits. They have done \$100,000 worth of business. What will be your assessment on that elevator? \$4,000 invested in real estate and the other \$6,000 working capital. Those kind of elevators are all over the state, doing the same kind of business. They have the annual meeting before the first of March and divide up the money, and you can get a \$10,000 assessment and no more. All their stuff is worth.

CHAIRMAN HOWE: I think, Mr. Harvey, that any concern with a \$10,000 capital that does a business in any one year of \$100,000 or more and pays its shareholders from earnings \$6,000, and still has its capital of \$10,000 unimpaired, is worth more than \$10,000.

MR. HARVEY, Marshall county: They don't have it.

CHAIRMAN HOWE: It is worth \$60,000, at least.

MR. HARVEY, Marshall county: Does any county assessor in this state get any such assessment?

MR. BIRD, Wyandotte county: I do. I make them put on the earnings. The Tax Commission sustained it, too.

COMMISSIONER KINCAID: I would express the hope, however, that if Butler county has such an arbitrary ruling, that I am going to go a little further back. I am going to say that the constitution under which we are working provides for an equal and uniform system of taxation, and the courts have held that means a uniform valuation within the same jurisdiction. Now our statutes are replete with one standard and one standard only. I don't see how any piece of property can be assessed by any other standard than this standard. I don't care whether it is a bank, a telephone or farmers' elevator, or a farm or a grocery business, or anything else. They must be valued by that one single standard that is provided. Don't forget that it is the shares of stock that is being assessed, not what is left over. This might not be what it ought to be, but taxation is not a matter of sentiment, not a matter of what we think is right or wrong; it is a matter of statute, pure and simple, and the statutory admonition and the statutory standard is the only guide.

CHAIRMAN HOWE: Mr. Heinsohn of Marion county wanted to know if there would not be opportunity for the county assessors of the counties having oil and gas development to get together in a consultation. Have you any time to suggest, Mr. Heinsohn?

MR. HEINSOHN, Marion county: What I meant was that it was my idea to see some of these people from the oil and gas counties and see if we couldn't have a meeting, and if such a meeting is to be held, I want to be there.

CHAIRMAN HOWE: In that connection, we will probably get through by 5 o'clock, and that will give you plenty of time to get together.

DEPUTY ASSESSORS TO SECURE INFORMATION FOR THE COUNTY ASSESSOR.

CHAIRMAN HOWE: The following suggestion is made: The practice has prevailed in some of the counties in which there is oil or gas development to have the deputy assessor, when at work upon his assessment, gather certain data in respect to oil and gas wells, for the benefit of the county assessor when he comes to make the assessment. This custom, where it prevails, has been found very beneficial to the county assessor in fixing values upon this class of property. The deputy assessor of course cannot assess the property, but he can gather valuable information which will materially aid the county assessor in making the assessment. It is recommended that this practice be observed in all counties where there are such property interests to be assessed. A very good form is the one in use in Franklin county.

I will say that we have had that form mimeographed and have a supply of them here and if anybody cares to take a copy of this form they can get it here. Now, these are all the topics that we have laid out for specific discussion in advance of the general questioning and general discussion.

MR. MCFARLAND, Leavenworth county: Have I the right to go into a bank and ask them to show me the amount of debts held in escrow in that bank?

CHAIRMAN HOWE: For what purpose do you want to find out?

MR. MCFARLAND, Leavenworth county: So I can assess them.

CHAIRMAN HOWE: The statute says you can't do it.

MR. BIRD, Wyandotte county: Would that be just the same as to try to ascertain the amount of money on deposit, under the law?

CHAIRMAN HOWE: I don't know why not. The statute which we have considered may not be against public policy—says that no assessor or deputy assessor shall have power to compel the production of the books of any bank, or to examine the same, nor shall the officer of any bank be compelled to testify as to the contents of the records of any bank. Section 11322, I think it is.

COMMISSIONER KINCAID: That is directed to the protection of the bank in its fiduciary relations with its customers, and we think it includes anything of that sort. Now, if that bank is acting as a trustee under the conditions we explain here, it is not a bank question, it is a trustee question; it is a question of a trustee of a person or a corporation having property of another.

MR. BIRD, Wyandotte county: Now about mortgages. We have \$100,000 worth of mortgages in the hands of the bank and the banker refuses to divulge anything. Now, they are put there for two persons for the convenience of the one loaning the money and the one who is making the monthly payments, and just incidentally to avoid paying taxes. Now, we can't force them to give a list of them; we can't tax them, unless we can do it through that ruling there about the trusteeship.

COMMISSIONER KINCAID: The title has never gone to the cashier or any officer of the bank. It is not covered by the trustee proposition at all.

MR. HARVEY, Marshall county: Is the bank at fault, or are the people at fault? Who puts the mortgages there and hides them? Is the bank to blame?

CHAIRMAN HOWE: I think there are very many fine gentlemen in this state connected with banks, and I think the majority of them are fair-minded men and are in favor of the enforcement of the laws of the state. Unfortunately there are bankers who help people dodge taxes. There is no question about that. They will even circulate among their patrons printed matter showing how they can get rid of the burden. We have had those things.

MR. HEINSOHN, Marion county: I would like to say that the bankers will do all of that, as has been the experience of the assessors who have this thing to contend with. For instance, we have a banker that will tell his bank customers how they can escape taxes, and after the statements have been turned in the cashier or some other man from the bank will come and look over the statements, and will make some such remark as "I just wanted to see what he turned in on March 1," and look over it, and then at another one and say "What did so and so turn in?" And then he will look at another one and say "What did he turn in on March 1? I just wanted to see." That is enough to tell me that there is something wrong somewhere.

MR. DOANE, Osborne county: The statutes provide that you can't go to a bank and ascertain what amount of money a man has on deposit. I think that that statute ought to be amended. The deputy assessor should have the same right and privilege to look up a man's bank account as he has to go into Mr. Brown's cattle lot and look at his cattle and see how many cattle he has on hand. He ought to have the same right.

COMMISSIONER KINCAID: I might tell a little interesting incident from personal experience. In 1915 I happened to be chairman of the committee on assessment and taxation of the house of representatives. Senator Waggener, of course, who is now dead, had introduced a bill in the senate, Senate bill No. 74, I think it was, compelling banks to divulge all these things. It didn't pass the senate, however. Now that bill would naturally come over to the house and be referred to my committee in the house. Now every morning when I would come over here I would be so overwhelmed with lobbyists against this bill that I could hardly get through the corridor on the first floor. My mail was overburdened every day. Finally I got so I would know just about what the letters were about. I didn't have time to open my mail even, much less read it or answer any of it. Whenever a letter came to me I just about knew what it was for. The burden of the whole thing was that they claimed no bank could withstand the shock incident to the withdrawal of so much money just prior to the first day of March; said it would ruin them. I don't know whether it would or not, but that is the whole effect of what happened at that time. Just illustrates what the banks may or may not do. Just a little incident in my own personal experience.

MR. MOSER, Morris county: I would like to have the Commission explain the use of the 23y statement. Just where is it used. What shall be done with it after it is used, and are those things being done?

CHAIRMAN HOWE: You mean the supplemental 23y statement?

MR. MOSER, Morris county: The 2f; yes, sir.

CHAIRMAN HOWE: This form 2f; that is designed simply to help the assessor to do what the law requires, to get all property on the tax roll. The personal property statement itself is not capable of containing all the items of property that are taxable. The 23y is a dragnet. It contains everything that is taxable that is not listed in the statute. It was designed to enable the assessor to get those items of property that we couldn't put on the face of the statement, so as to increase the aggregate of 23y, and from the first use of that form there was an increase in 23y of some seven or eight million dollars of assessable property in this state. Now, as to whether it is being used everywhere or not we can't tell you. We assume that it is, because it is the duty of the assessors to use it, and if they are discharging their duty in the interest of the public they will use it. If they do not use it they are derelict in serving the public.

MR. CARLSON, Pawnee county: Is that statement a part of the personal property statement?

CHAIRMAN HOWE: No, the amount there is transferred to the item on the personal property statement.

MR. HURREL, Jackson county: We tried to use it, and used it all we could. We called our assessors together and I instructed them in the use of the 23y. Several of the older assessors who have assessed for several years shook their head. They said it wouldn't be possible to use it. I told them they must use it. I have had a lot of trouble in trying to get them to use that 23y statement. They say it goes into such detail. They hesitate to ask a farmer about every little detail of his business. They don't like to do it. I told the assessors that they should use it. I suppose it is all right. It must be or we would not have to use it.

MR. BENSON, Trego county: I put out those 23y statements and told the deputies they would have to use them. I don't think they ever used them to amount to anything though.

CHAIRMAN HOWE: Call them down if they don't. Make them send it in with the statements and see if it is used.

MR. McNARY, Anderson county: Last year we lost \$17,000 on that 23y. We lost \$17,000. They take that 23y and go down, come to an old grindstone. How much is that worth? Not worth very much. They come to grain sacks that the rats and mice have eaten full of holes; that isn't worth much. There isn't one article on there that is worth much, and yet if an assessor would ask a man about all the other property and then come to this 23y and ask him if all the stuff he has that is listed on there is worth \$50 or \$75 he would say yes; just bulk it that way.

CHAIRMAN HOWE: Well, Mr. McNary, how do you account for the increase of some \$8,000,000 by the use of that schedule?

MR. McNARY, Anderson county: I don't know. It wasn't done in our county. Here we are spending all our time on these little things, and if a man has 100 head of shoats worth from \$25 to \$35 apiece, we let them escape because they are under six months old. We get a chicken that is worth \$1 and let a \$25 hog go by because it is not old enough to list. We get an old grindstone or a pocket knife and let a bunch of calves that are really worth something go because a few days under six months old. I really don't see the use of the form myself. That has been my experience.

MR. VOELKER, Atchison county: I don't know, but I think they are afraid where they stand on this 23y proposition. I myself am against the 23y supplemental statement. It may be true that we have received several thousand dollars by the use of this supplemental statement, but I also venture to say that much valuation has been placed upon the tax-roll by the use of that statement that should not be taxable. Deputy assessors—especially in the country districts—that spring this statement on the farmers—and they are good honest farmers—they will ask him almost every question relative to supplies and materials that he has on the place—they don't like to do it; too personal they say. It gets the valuation of things that I really believe should not be taxable; it is infringing on their liberties as American citizens. I feel that it is hardly policy to go to a farmer and ask him how many straw stacks he has. I would say that 99 per cent of the farmers of the state of Kansas would be glad to pay the assessor to haul it away. Then there are numerous other articles that I see no reason whatever for having there. It seems to me that if a greater effort were put upon the line of questioning the farmer upon the kind of cattle that he turns in for assessment; the kind of horses he has, whether they are thoroughbreds or not. There is one item that I believe that we are falling down on receiving just exactly what we should have for the reason that cattle are generally put in at a lump sum. They will own registered cattle and they put down from \$75 to \$150. There are very few counties in this state that when the disease of tuberculosis attacks these cattle and the county is asked to pay for them that they are not put in at from \$750 to \$4,000 apiece, and I believe that if our efforts were directed more along the line of justly taxing live stock than placing so much time in trying to find out how many sacks that the mice have eaten holes in, or how many straw stacks a man has, or how many shoulders or hams he has in his cellar, we would get much more valuable property.

CHAIRMAN HOWE: I understand, Mr. Voelker, from your remarks that you are placing yourself above the constitution and the legislature in assuming to say what property should be taxed and what should be exempt.

MR. VOELKER, Atchison county: No sir, I don't believe that it is the intention of the legislature to tax property that is listed on that statement; some of the items on that statement. I don't think it is the intent of the legislature that it should be taxed. That's my idea.

COMMISSIONER KINCAID: Here is what the law says, Mr. Voelker:

"The term 'personal property' shall include every tangible thing which is the subject of ownership, not forming a part or parcel of real property."

MR. BIRD, Wyandotte county: I would like to ask if there is anything in that form 2f that prevents you from doing all that you suggest. Do both of them.

MR. VOELKER, Atchison county: Suppose he places cattle upon the statement.

MR. BIRD, Wyandotte county: I have a lot of banks and corporations, and I make them come across.

MR. VOELKER, Atchison county: I know that Brother Kincaid has quoted the law. I am speaking from the standpoint of common sense; of taxing people upon things that some of them return that are absolutely necessary for their sustenance; that was the point I wanted to bring out. I know people that turn in meats that they absolutely need for their livelihood, and there are other little articles on that line, and the point I wished to make, I don't see why the Tax Commission could have the right to do this. Why not help the assessors over the state by getting a line on things that really should be assessed higher?

CHAIRMAN HOWE: I will agree with you that much of the stuff that is assessed ought not to be assessed, and for eight or ten years we have been working to get the constitution amended so that some of these things could be stricken out of the assessment. I don't believe that seed-corn ought to be assessed, which, when put into the ground may not produce any fruitage. I don't think that grindstones or safety razors should be assessed. But the law says they are to be assessed, so what are you going to do?

MR. SEYMOUR, Allen county: I think the 23y statement is a very good one. Even by using it and getting a lump sum assessment you get your sacks that have been eaten by the mice and rats. You bring out a good many things. The farmers down my way kill hogs and have the meat on hand. We don't assess that by the 23y. If you don't use that 23y though, a lot of things will get away that ought to go on. It does good. That has been my understanding all along.

COMMISSIONER KINCAID: The Tax Commission has always advised diligence in getting values upon the tax roll, no matter whether it was live stock or what it was. So we would not say to be less diligent about the things which Mr. Voelker mentions, but we must act under the common constitution and common laws which are mandatory upon you and me alike.

MR. STRATFORD, Butler county: We have had considerable discussion about the 23y form down our way, and I think the bad feeling that has been engendered against this 23y is caused by the fact that it goes to the man who has his stuff in sight and says to him, Just how many things have you got, that is, small things? There is the trouble. The big things that count, like the amount of money on deposit in the banks, that don't get on the roll at all. Now you may think that is the fault of the county assessors. We have all got the same proposition to contend with. You all know in your own minds that you do all you can. The time allotted for the investigation of all these cases that we actually know that if we could get the time and had the money available to pay

the expense to do it we could produce millions of more valuation in this state. That's my idea of where the bad feeling all started from on the 23y. It appears to some, and I know it appears to many of the tax-payers down our way that the county assessor is swallowing a camel and strangling at a gnat.

MR. SEYMOUR, Allen county: Now that 23y statement is not expected to cover everything. It covers only 23y. As I understand it this 23y only covers the 23y schedule.

MR. STRATFORD, Butler county: Now here is the proposition. You can go out to a farmer's woodshed and see how much wood he has, but you can't go to a banker and see how much money a man took out on the 23d of February and brings back on the 3d of March.

MR. SEYMOUR, Allen county: Bring him before the courts and swear him and have him testify.

MR. STRATFORD, Butler county: The Tax Commission went down to Elk county and Mr. Martin and I went down there as witnesses, and they didn't get the valuation. Didn't have enough evidence, the only way I could figure it.

MR. SEYMOUR, Allen county: I believe it does a lot of good.

CHAIRMAN HOWE: There is no question about the expediency or the efficacy of the 23y if you will only use it. It has resulted in increasing the assessment roll. If it is so obnoxious it is a very good argument to use with those who are opposed to voting for the constitutional amendment so that it can be taken from the statutes. It is productive of great values upon the tax rolls.

MR. SEKAVEC, Ellsworth county: Well, I like that 23y. I know probably the deputies don't like it, but of course that's their business, and I like it because it takes care of a lot of small items, and I can bring it over in one item ending with naught. Now you take some of them—they bring in statements ending with 5 or 3 or 4. That's the way they did it, but in that 23y, if it is 85 or 83, I make it 85 or 90 and carry it over on the other. I really like it. It simplifies the other assessment, and then it helps the main assessment. There was always bother with me where to put fodder, all kinds of fodder. No place on the general list. When I got my 23y printed I asked permission of the Honorable Commission and they said put in whatever you get there. I put all these fodders in there. Used to be they put it in the hay column, which wasn't right, or some other column. Now this 23y covers all this trash and puts it in one item. So far as getting money, I had a little experience in that. Once I got information from a certain man about another man—of course he was an honest man. He said, Did So and So give you any money? I looked up his statement. He didn't give in a penny. Well, says this man, I think he has some money on time deposit. How much? About \$5,000. All right. I wrote a letter to this gentleman. I says, Mr. So and So, I am reliably informed that you have omitted \$5,000 to list with my deputy and I enclose herewith a proper statement on which you make the necessary correction and send it to me and not compel me to fine you fifty per cent on top of it, which I will do if you do require me, and I

got the report back in three days, and it was \$4,500, and I put it on and there was nothing else said. It might not work in every case, but it worked there.

MR. DOANE, Osborne county: I never used 23y until last year. The use of it last year didn't increase the assessment of property on 23y. Some of the assessors were very conscientious and had people fill out the statement, and others used it must occasionally, if a man had several of those articles, and some of them didn't use it because a man didn't have many of those articles. Some of them had a statement for all personal property statements. Others run from one-third up. I think there are a good many things on this statement, such as razors, grindstones, etc., which are not as essential as some things that could be, and just suggest that the Tax Commission get up a supplemental 17 or something along that line. It would do some good.

MR. VOELKER, Atchison county: Where was the law prior to the time the supplemental statement was gotten up?

CHAIRMAN HOWE: As has been suggested, it was gotten out because we couldn't get all the items of property on the personal property statement.

MR. VOELKER, Atchison county: The Tax Commission would have just as much right to get out a supplemental statement on any other item.

CHAIRMAN HOWE: Yes sir, you are right about that.

MRS. VANCE, Montgomery county: What does the Tax Commission think about dropping the odd dollar from the assessment roll? In our county when we get a man for \$97, we assess him for \$97 instead of \$95 or \$90. We use all the dollars we can get. It adds considerable to our tax roll and to our valuation by using the extra dollar.

CHAIRMAN HOWE: If you call \$97 \$95, and \$98 \$100 you will just about even it up, won't you?

MRS. VANCE, Montgomery county: The man would object. You would have to call the \$98, \$95.

CHAIRMAN HOWE: No, anything above the half, you could make it the next higher 5.

MR. SEKAVEC, Ellsworth county: I request my deputies to leave every item end in naught if he possibly can. Some years I have went to work and put on that naught myself.

CHAIRMAN HOWE: Any even number of 5's will make a naught.

MR. SEKAVEC, Ellsworth county: I tell you I don't want them 5's anyhow because you may have it all right at the end, but when you make a statement for four or five statements then that 5 comes out at the end of the tabulation and it is a nuisance. It don't amount to half a penny in taxes. You add five on to it and you are better off. Your average will be all right and may stand a chance that the commissioners don't have to raise the valuation in your townships. Your average will show up good and you are better off; you will be proud of your work.

MR. HARVEY, Marshall county: I was just going to say regarding the use of the 23y. I have secured those statements for my deputies and they

almost refuse to use them. We always did get a pretty good valuation under 23y and it creates a great deal of antagonism towards the assessor and the county assessor and the Tax Commission to be so all-infernal inquisitive about a man's business. Every time you spring anything new on a man he will say "What new thing will be next?" They are leery of those things. They don't see where they get any benefit from those kind of statements and they are against the statement. My deputy assessors all kick on its use, but all of them have one pasted in the back of their covers. I bought 5,000 of them the first year the blank was used and have about 3,000 yet. Sent them out but they won't use them. I can't get the assessors to use them. I can't get assessor's to take those jobs. Up until last year I always had applications on file by the dozen, but none on file now. The commissioners are trying to get men. You can't really be very "sassy" to these deputy assessors. Those statements probably get a little value. It depends upon the assessor a great deal what you get on the statement anyhow; the manner in which you ask the questions on the statement and the businesslike manner that you assume toward the man that you are assessing, and if the assessors are properly instructed it seems to me that they could get a fair value under all the schedules, and as this lady clerk over here says, they could return them with a cipher at the end just as well as a 3 or a 5 or a 7. Everything that goes on the statement, practically, is guessed at. I never carry an odd figure on my tax roll; never have.

SUGGESTIONS AS TO USE OF FORM EIGHT.

CHAIRMAN HOWE: Revised form 8 for assessment of bank shares of stock will be supplied to the county assessor in sufficient number to enable three copies of the bank assessment return to be made provided the bank desires to retain a copy. The original assessment sheet is of course to be filed with the county assessor; a duplicate thereof is to be sent to the Tax Commission and the other copy is, as above indicated, for the use of the bank. It is important that the Commission have a copy of every bank statement in the state, and the Commission desires to say at this time that in the years when these statements have been sent to the Commission a careful examination thereof showed that the assessing officers neglected in a number of cases to fill statements out as they should do. When the amount of the assessment is ascertained after the deduction of real estate, it is to be apportioned among the shareholders according to their respective holdings of shares, and it is the duty of the assessors to make this apportionment so that upon the back side of the form will appear the name of each shareholder together with the amount of his assessment. The county assessor should insist upon the deputy assessors doing this work.

MR. BENNETT, Smith county: I want to add something to what Mr. Harvey has said. One of my objections to the use of the 23y is that I have been fearful that the Tax Commission might want to add a supplement to the item of household goods. Some of the townships assessed never have household furniture over \$10 or \$20, others run from \$50 to \$100, while others run from \$100 to \$150, and I talk with the assessors and tell them to ask the different parties whom they are assessing

the values they have. It occurred to me that they might make a supplement to that. I would not like to see that. For instance, you might ask how many beds they have; might have three beds. How many stoves. Might be worth \$60. Then you ask about the dining room table, the chairs, buffet. You might keep on adding items until you get the household furniture up to three or four hundred dollars with just the poor farmers, and you can get it up to three or four hundred dollars, or more, in the cities. I believe if we just try an experiment this year with our assessors on the household furniture and see how they get along that that would be evidence that we could increase 23y without an itemized list. I really think that would have a better influence with the deputy assessors and with the taxpayers because it does create some sentiment among them to keep stringing this personal property statement out and asking for little items and they become more or less critical, and I think more or less the deputy assessors over the state and most of the taxpayers are opposed to the use of it.

CHAIRMAN HOWE: The argument used by Mr. Bennett in opposition to the 23y does not appear good. Household furniture is a single item. The statute specifically provides for the listing of it as one item; 23y includes all other species of property. There is a reason for the one and there would not be reason for the other.

MR. BENNETT, Smith county: I believe this 23y has been sufficiently discussed. I would like to ask a question along a different line.

MR. BIRD, Wyandotte county: Just one word about this 23y.

CHAIRMAN HOWE: I think 23y has been discussed enough.

MR. BENNETT, Smith county: In our county last September we had a rain that stopped threshing of wheat, and I expect that fifty per cent of the wheat in our county will not be threshed, and a method of assessing has got to be devised some way so as to get at the value of the wheat in the stack. If any of the assessors here ever had that experience I would like to get the benefit of their opinion, because I will be called upon to provide some means of arriving at the value of the grain in the stack, and there will be at least fifty per cent of the wheat in our county that will not be threshed until next season.

MRS. EFFIE M. BROWN, Nemaha county: My instructions were that the deputy assessors could use their judgment.

CHAIRMAN HOWE: That is a very pertinent question, and if there are any of the assessors that have a like situation in their counties and they gave the matter any consideration, I think it would be very beneficial possibly if they would answer Mr. Bennett's question.

MRS. VANCE, Montgomery county: I know we have a lot of wheat in the stack and about 50 per cent of what is in the stack will not be worth threshing; just rotting in the stack.

CHAIRMAN HOWE: Of course, you can't look into a stack to see what condition the grain is in.

MR. BENNETT, Smith county: They have threshed some of these stacks, up until the last rain. They have had to get crow bars and cable and

pull the top off of the stack and then thresh the middle of the stack and then the bottom is in the same condition, and we have estimated that we have lost fifty per cent of our wheat crop just through that rain storm.

MR. NORDSTROM, Clay county: I suggest this wheat be assessed on an average per acre of the wheat that has been threshed. Say a man has lost 50 per cent by reason of rains, just cut it in two and assess it for 50 per cent of its value based on the number of bushels per acre that the wheat yields in that county.

CHAIRMAN HOWE: The trouble is you can't tell how much is lost until it is threshed.

MR. CEDARHOLM, McPherson county: The assessors will have to decide that for themselves.

MR. BENNETT, Smith county: Do I understand that the deputy assessor, his idea of the value of the wheat in that stack, would be the basis of the assessment?

CHAIRMAN HOWE: I think that is strictly in conformity with the law. It is up to the deputy assessor to value the property.

MR. BENNETT, Smith county: Suppose that is so and he does fix the value, and it is not agreeable to the taxpayer, and he appears before the county board of equalization for relief. Now, there won't be any meeting of minds between the taxpayer and county assessor, and the board of county commissioners know nothing about it, and it is a problem which I have thought about a great deal.

COMMISSIONER KINCAID: The wheat won't be threshed until next season?

MR. BENNETT, Smith county: If it don't stop raining it won't be.

CHAIRMAN HOWE: Well, of course like any proposition, it has two sides to it, and it has got to be settled according to the evidence submitted in support of the different contentions, and if the deputy assessor and the taxpayer can't agree, it is up to the county board to settle it according to the evidence furnished. It is a condition, of course, and not a theory that you have got to deal with. You can't theorize as to what might be the general condition. Each proposition will have to stand upon its own individual basis, and after all I think it can only be a question for the judgment of the assessing officers.

FEDERAL SECURITIES.

MR. STRATFORD, Butler county: Going back to that question of certificates of indebtedness that the lady mentioned a while ago, I have just been told that the government is putting out a series of certificates of indebtedness which will be payable on the 15th day of March, which will probably form a convenient means for investment at this particular time, particularly for people who are overburdened with cash.

COMMISSIONER KINCAID: Mr. Stratford, I think most of those issues, that is, certificates of indebtedness, clearing-house certificates, and things of that kind, have always been for a short time and have been handled almost exclusively by the banks.

MR. STRATFORD, Butler county: I supposed from the information I got afterwards that that was probably the certificates of indebtedness she meant. This particular one.

COMMISSIONER KINCAID: They are usually handled by the banks for a short time and are put into some other form within a very short time. It is only to raise money until they can prepare for a bond issue, or something of that kind.

GRACE McDOWELL, Pratt county: Mr. Kincaid's remarks concerning the certificates being handled by the banks. I know in my county that the banks made a practice of selling those certificates to their customers and they were held until they matured and the customers drew the interest on them.

COMMISSIONER KINCAID: The banks didn't do it to aid the evasion of taxes; they were just an unavoidable party to it.

CHAIRMAN HOWE: We have had a pretty full afternoon, and in order to give the oil and gas county people a chance to get together, I think we had better adjourn and meet here to-morrow morning at nine o'clock.

FEBRUARY 6, 1920—9 a. m.

CHAIRMAN HOWE: Are there any county assessors present who have failed to give the secretary their names.

The following gentlemen, who were not present Thursday, announced their presence for Friday's session: Cowley—Frank V. Brown; Kiowa—Chas. E. Cooke.

CHAIRMAN HOWE: Mr. Kincaid has kindly consented to take charge of this meeting this morning, and I will introduce Mr. Kincaid.

COMMISSIONER KINCAID: I have some advantage over the rest of these gentlemen because I always have a faculty of passing it on and avoid answering any question I can't. The conference is open, gentlemen, and unless you have some specific question to talk about, I will take up the matter of the various forms to be used in assessment this year, and I will ask Colonel Rowan to present those to you, and he can use his own judgment in presenting them, and you may feel free to ask any questions you choose concerning them.

MR. HARVEY, Marshall County: I would like to ask if the Commission are going to furnish statements for telephone companies within a county this year the same as last year. I have not provided any and did n't know what to do.

MR. SMITH, Secretary Tax Commission: We will supply the county assessors with forms for the assessment of those companies, but we have been waiting to send out a circular letter to find out how many would be required for each county.

MR. CEDARHOLM, McPherson county: How about bank statements? Will the Commission send them out?

COMMISSIONER KINCAID: Yes, sir.

COMMISSIONER ROWAN: You gentlemen are probably more familiar with this matter than I am. The first form I have is the form which

you use generally, and is Tax Commission form No. 2, in which some changes were made in 1919. These were sent to you so that you could have your supply printed, and unquestionably you are very familiar with it. The first change is milk cows, under schedule 3. That change was made at the suggestion, as I understand, from Judge Howe, because some time ago some of the county assessors wanted it changed; last year most of them found it didn't work very well so it was changed back as it was originally, and it was changed to milk cows, two years old and over, not registered. Under schedule 9, the make, the year—that means the year of the purchase—and number of cylinders of automobiles, is provided. No change in that from what it was the previous year. Last year automobiles in Kansas average assessment was \$330. You can't buy a one-lung Ford for \$300, but that is what they were returned at last year. Schedule 17b, moneys on hand and on deposit. There were two slight changes made in that, the object being to eliminate the blank lines. On making your transfer to the abstract of personal property statements we found in a good many cases, in checking them, that the blank lines were used for some other purpose. A sum or number would be placed on the statement but written in on the blank lines. There are no blank lines whatever this year. Should be no reason why there should be any trouble about it. Under the credits, schedule "B," all notes not secured by liens on real estate, and in schedule 23j, mortgages (on real estate only). Now, that is going to be the bone of contention with this blank this time, and you all know why that has been brought about, by a decision of the supreme court. Now, I think the best way to get this before us plainly is for someone to ask questions. You will readily see what the situation is, and we will try to answer it.

MR. SEYMOUR, Allen county: Shall we list mortgages then on line 23j?

COMMISSIONER KINCAID: There is a question of course in which you want to invite discussion. If you list it there you don't want to consider it over here, because it is a credit from which you may deduct debits, and you don't want to consider it in both places. On the other hand, if you don't list it under 23j, we lose all of our statistics about real-estate mortgages, so you will have to exercise a great deal of care if you don't get mixed up on that; if you don't, have a lot of cases in which you have not permitted them to take debts away from real-estate mortgages, and at the same time if you don't, take it into consideration in giving the total up here and down here again. We have already come to the conclusion, unless you should say something that will change our minds, that it should be so listed this year, as the blanks are already out. As I was saying, list it under 23j and then if you have any excess of debts, that is, if the credits are not equal to the debts without those mortgages, make the deduction from the total assessment, which will leave credit under taxable value, but it won't reflect the amount of mortgages that paid taxes, quite, and a lot of other things that we would like to have very much. It can be cured next year simply by including two items up here—one, notes not secured by liens on real estate, and the other being mortgages—and then we would be able to compile

the amount of real-estate mortgages. Discuss it, please, if you have any thought along that line at all.

MR. SEKAVEC, Ellsworth county: I thought it was simply treated like this. Inform the deputy when he comes to a man and assesses his mortgages, why if the man says I own this mortgage but I have given mortgage to so and so for so much. Well then, simply deduct the amount he owes provided he furnishes *bona fide* evidence that it is true, and enter the remainder to be taxed. Take what he owes from the one that he owns and you get the balance taxable. Of course it would not give statistical matter. It would just give the balance that he pays taxes on, but that's all you care for, just the true amount to be taxed against him, after giving him the privilege and benefit of this deduction.

CHAIRMAN HOWE: That isn't all we want. We want to find out how many mortgages have been relieved from taxation by this supreme court decision. It is very necessary for us, in order to reach that conclusion, to have these mortgages listed as they always have been and reported opposite 23j. We want to see what the effect of this supreme court decision is. Now if you use this 18—this square place—as you always have used it, and if there is an excess of debits over credits not secured by lien on real estate, take the excess from the mortgages and that will show how many mortgages are made non-taxable by this supreme court decision. We would like to find that out, and as Mr. Kincaid has suggested, a good way is to deduct debits from the total at the bottom of the statement, and then when the report comes to us we can in our office compile that data and subtract it from the mortgages. .

CHAIRMAN HOWE: I will say that later we will get out a circular letter telling you how this should be done. This discussion is for the purpose of drawing out the ideas of the county assessors present as to how it should be done.

MR. BENNETT, Smith county. I understand the Commission wishes to determine the amount of money invested in real-estate mortgages that is lost to taxation by the supreme court decision. When is this information to be available? When does the Commission want it?

COMMISSIONER KINCAID: Want it available when abstracts are made out, when figures are brought to the Tax Commission office, and that is why we want to devise some way of making these entries so this can be determined.

MR. BENNETT, Smith county. Quite a responsibility upon the county clerk in trying to get that out. I don't understand just how that is to be done. We will have to look over the statements and determine that. Quite a task, I think.

COMMISSIONER ROWAN: You check every statement sent to you anyway, don't you?

MR. BENNETT, Smith county: Yes, I do if I have time. If I don't, I don't. Here is the trouble. The Tax Commission requires lots of things that the average county assessor thinks are superfluous, but they always try to do it, and a great many places you will find that the county assessor is deprived of sufficient help to properly expedite the business of the

office, and he has not the time. In the first place, if it isn't one thing that comes up, it is another, and the payment of all this extra help has always been by law left discretionary with the county board, and every little added duty that comes makes it just that much harder to do the work, and it looks to me that it will entail a lot of extra work—

(Chairman Howe calls Mr. Bennett to the chair and explains that no extra work is entailed.)

COMMISSIONER ROWAN: Some county assessors claim their assessors use both columns as the law requires. How many of them?

CHAIRMAN HOWE: Suppose they do use both columns? The law requires it. The law says the owner shall value his property and the assessor shall value it. Here the owner returns his mortgages in the first column. The assessor deducts the debits from the credits and puts the credit amount in the next column.

COMMISSIONER KINCAID: I will ask the colonel to proceed with his blanks.

MR. LINES, Wilson county: Mr. Bennett's question has not really been answered yet, to my notion. He wanted to know how these mortgages could be sent in to the Tax Commission so that we could get correct information to you, and it seems to me that we must in our abstract carry these mortgages entirely and also carry the deductions on the abstract, and then carry the balance on the abstract as taxable value. If we can do that—find room on the abstract for that—all right. If we cannot we will have to make a separate paper for that. That's the question Mr. Bennett raised.

COMMISSIONER KINCAID: The gentleman from Smith and the gentleman from Wilson have just brought before you the real problem that has not yet been settled. However, we will send out a circular letter after getting your suggestions in the matter, and advise you how to handle it. We have not reached a definite conclusion yet, but this is a thing we do want to show. How much has the tax roll been relieved of taxable value on account of that supreme court decision. We would like to state that concretely. You can't take any intelligent action on any matter unless you have accurate information. If you get the wrong information and act on that, or make recommendations on that, you are not necessarily wrong, but you must have correct information before any intelligent action can be taken, and that is the problem, Mr. Lines, that we are going to try to solve.

MR. HARVEY, Marshall county: Since real-estate mortgages are now credits and should be included in the little square under 18, where credits are analyzed on the personal property statement, why wouldn't it be all right for every mortgage to be inserted up there in full, then let the Tax Commission require a report from each county assessor in the state of the number of mortgages listed up there to eliminate any chances for a mix-up on what would probably occur when this is handed on out to a deputy assessor. Why could not total credits go up there in the square where mortgages are listed on the first line, where it says "Credits taxable"; opposite credits, why couldn't the Commission in-

struct that mortgages be listed up there? Then go on and complete this square just as it should be, and carry the credit amount in outer column on schedule 18, and then the Commission require a report from each county clerk. It won't amount to much; only one day's work.

COMMISSIONER ROWAN: You mean eliminate the mortgages in 23j entirely?

COMMISSIONER KINCAID: It sounds good to me and we have it in the record. It seems very much to the point, because ordinarily the mortgages ought to be there; not only mortgages but real-estate contracts.

MR. HURREL, Jackson county: There is one unfortunate thing about this, and that is that the parties holding mortgages will not list very many of them; their statements will not show over and above; that is, when you take their debits from their credits, there will not be very many of them that will have an excess. That is a very unfortunate thing. Very few of them.

COMMISSIONER KINCAID: There may be exceptions to the rule. It couldn't be general.

MR. HURREL, Jackson county: I believe the form ought to be changed. I think they will disregard that and place them down below.

COMMISSIONER KINCAID: The fact is that you have already had the copy and you have already ordered them. Your local printer is going to furnish you these blanks just as they are. No time now to have them changed.

MR. HURREL, Jackson county: Then they would list the mortgages regularly?

COMMISSIONER KINCAID: They would simply be listed in a different place but the total amount would appear, and that is where the county assessor's supervision would come in. He would see that they are not listed in both places. It would simply be an exception or else a wrong tax statement. No question about that.

MR. HURREL, Jackson county. I simply want to offer this suggestion, that I suppose it would be all right to list those in the regular column and have mortgages show that fact, and when you get down to credits, have the county clerk go over those. Of course that won't be much trouble, and would not be very many of them, and if he finds an excess of debits over credits here and there is a mortgage in that place, let him deduct that.

COMMISSIONER KINCAID: One serious objection might be that the taxpayers would not like to acknowledge that.

MR. SEKAVEC, Ellsworth county: That's the very thing I was going to speak of, that I am against placing the mortgages in that credits column. Very many times I have noticed the indebtedness overreaches the credits; there is nothing to be entered. Now if that would be the case and you have these mortgages on, this over-indebtedness would be then deducted from the assessment, and which would be wrong.

COMMISSIONER KINCAID: Only difference is here, according to what Mr. Harvey suggested you would strike out 23j entirely. Take a stamp

or something and cross it out then have that total in there. You would get your valuation, then carry it over in the right-hand column, 18, credits taxable.

MR. SEKAVEC, Ellsworth county: Suppose a man besides this mortgage, he owns \$1,000 in notes. The notes would be combined against the mortgage he owns and then taxes for \$1,000 less. You contend that it will be taken from that mortgage?

COMMISSIONER KINCAID: That's what we want to do exactly. Under the supreme court decision that is what we want.

MR. HARVEY, Marshall county: Since the statement is made the way it is, and the law now provides that mortgages—real-estate mortgages—are credits, they must be included in the analysis in the little square, we must put them there. No place else to put them.

COMMISSIONER KINCAID: No question about that.

MR. HARVEY, Marshall county: Then for the Tax Commission data that they desire, each clerk in this state I believe could get it in one day in the total mortgages in the top of the square, and that would eliminate this chance for a mix-up. Think it will be pretty hard to work out any other proposition.

MR. LAUGHLIN, deputy assessor, Lyon county: I am for Mr. Harvey's suggestion.

MR. CLAYWELL, Pottawatomie county: It struck me that possibly in listing these mortgages as credits at the top of the square, that if the net amount was carried over to schedule 23j, in case that amount didn't exceed the debits, you could handle it that way.

COMMISSIONER KINCAID: Mr. Claywell, I would not take two or three ways to handle it.

MR. CLAYWELL, Pottawatomie county: That would be one way. What I was getting at, in that case you could get the actual amount at which these mortgages were assessed.

COMMISSIONER KINCAID: You would also get it up here on Mr. Harvey's theory.

MR. CLAYWELL, Pottawatomie county: Yes, but it would be a rather round-about way.

MR. SEYMOUR, Allen county: Mr. Harvey's way is the only plausible way. Heretofore we have been listing all credits and debits in that column up there. You have got to list mortgages, notes and real-estate contracts up there.

MISS EASTWOOD, Greenwood county: I like Mr. Harvey's plan best of all, and suggest you give us that information in a circular letter and cross out 23j altogether.

COMMISSIONER KINCAID: The Commission has not committed itself yet and we are very glad to get all these suggestions and criticisms, and of course Mr. Claywell's suggestion, I think his way probably is just as well as Mr. Harvey's so the Commission will try and decide.

MR. HARVEY, Marshall county: The Tax Commission want to know how many mortgages will get on the tax roll and then how many mortgages were assessed after credits were deducted, and now Mr. Claywell says that if you put a mortgage up there for \$10,000 on line 18, where mortgages are, then you deduct \$6,000 in debits, leaves you \$4,000 to carry over to line 18 or to 23j, either one, and the \$4,000 that is taxable we are going to put it on 18.

COMMISSIONER KINCAID: Carry the taxable value to 18. Difference between all those items except the mortgage and credits, and handle accordingly.

MR. HARVEY, Marshall county: I believe that is all right.

COMMISSIONER KINCAID: Is that so, Mr. Claywell?

MR. CLAYWELL, Pottawatomie county: Yes, sir.

MR. SMEAD, Johnson county: In line with the suggestions that have been made, I don't see why it would not be a good plan to simply eliminate 23h and 23j and carry the net amounts all under 18.

COMMISSIONER KINCAID: It would be, except we are just now discussing about eliminating "j," and of course there might be circumstances under which there are real-estate contracts which would be a credit from which debits might be deducted, and there might not be any real-estate mortgages.

MR. SMEAD, Johnson county: Think it will save hundreds of mistakes if some different rule were followed. If you have all these different avenues open to bring this information over, you will have it in every kind of shape. You could place your mortgages, as suggested, under credits up there and then take the net debits to be deducted, and then have your net amount there in the total and bring it all under 18.

COMMISSIONER KINCAID: Of course, that is your credits taxable, but you don't want to make it so that it won't be intelligible.

MR. VOELKER, Atchison county: If there is any different idea, I would like to know the distinction, that is the reason of bringing it over to 18 and bringing it down to 23.

COMMISSIONER KINCAID: Heretofore, Mr. Voelker, there were no debits permitted to be deducted from 23j.

MR. VOELKER, Atchison county: I understand that. I am talking about what action we should take to-day. Bring these under 18 or 23. I am trying to figure out the difference of opinion whether you should take it to 18 or 23, that is, from the law as it stands to-day, or rather the supreme court decision.

COMMISSIONER KINCAID: Under Mr. Harvey's theory, unquestionably it would want to appear in full on this line up here with the credits, just like it has been appearing under 23j and omitted entirely from 23j. The result will show under 18, credits taxable.

MR. VOELKER, Atchison county: Yes, but you could put some of it under 23 and keep some under 18.

COMMISSIONER KINCAID: Not as far as 23j is concerned. Your real-estate contracts, mechanics liens and judgments of that kind from which debits can be deducted have not been provided for yet, unless they are thrown in also up there with mortgages.

MR. SEYMOUR, Allen county: Would not there be danger in listing mortgages on 23j now? They are a credit now, and if you don't list them in credits we are going to find trouble.

COMMISSIONER KINCAID: There is real danger. The only thing to do is to keep your hand on the throttle and your eye on the rail.

MR. GEO. A. HOWE, Kingman county: It seems to me you are going to have trouble because it can't be done in the presence of the taxpayer, and the taxpayer ought to know what he is being taxed on.

COMMISSIONER KINCAID: You should use all the patience in the world, and we should remember that we must deal equal and exact justice to all. The taxpayer is entitled to know what he is taxed on. It is the indefinite idea that something is wrong and can't tell what it is that breeds discontent on any subject on earth.

MR. STRATFORD, Butler county: I should like to present a concrete example of the operation of Mr. Harvey's plan. I may not have this figured out in my own mind correctly or the way the rest of you see it, but he suggests having the mortgages listed at the top of the credits block and then having the county clerk go through all of the records, you understand, and take off the amount of mortgages. Let us presume then a man owned a mortgage amounting to \$10,000 and he owned notes not secured by liens on real estate amounting to \$5,000 and all other amounts owing to him amounted to \$2,000. Then his credits amount to \$17,000. Well then, let us presume that he owes notes amounting to \$6,000 and accounts amounting to \$4,000. His total indebtedness then would amount to \$10,000, which could be deducted from his \$17,000 of credits, leaving the net taxable value of \$7,000, but Mr. Harvey would have the county clerk get a list of all the mortgages. You would then know the amount of real-estate mortgages owned by people of the state, but on the other hand, if the real-estate mortgages were listed as originally contemplated in 23j, you would have a credit there of \$10,000 and then you would have only \$7,000 in your other block, you would only show that you had relieved from taxation, \$3,000.

COMMISSIONER KINCAID: You would have to take the difference to find out how much existed between the items without the mortgage and the items with the mortgage.

MR. STRATFORD, Butler county: Instead of having the county clerk merely take off the total amount of all the mortgages the county clerk has got to go to work and make deduction himself and give you the net amount. If the information you want is only the amount that is relieved from taxation, the county clerk has got to go over approximately nine thousand personal property statements and make these deductions himself and list the net amount. May be possible, but I don't think it is.

COMMISSIONER KINCAID: Always the amount that has been eliminated and the total credits outside of these real-estate mortgages and real-

estate contracts. The amount to be eliminated would be the difference between those items without the real-estate mortgages and the debts.

MR. SEYMOUR, Allen county: Have the mortgage as credit listed there where Mr. Harvey said and then have the debit mortgage listed down below and then the county clerk can classify debit and credit.

COMMISSIONER KINCAID: I think it might be, assuming that you are careful.

CHAIRMAN HOWE: It seems to me that this discussion shows the absolute necessity of some one authority determining what shall be done in the face of so much contrariety of opinion. There are four methods suggested, and the necessity of some centralization of action upon the situation must be apparent. The discussion has brought out just what the Commission wanted, that is, suggestions as to possible methods.

MR. SEKAVEC, Ellsworth county: I think the best way would be the original idea. List the property just as shown and then find the true amount of debts and then take the total amount of the assessment down below.

COMMISSIONER KINCAID: The Commission will take a good many examples and see how it will work out on different theories that have been advanced. It will then decide on some way and request that every county follow the same plan. We knew it was quite a problem, and when there was no more discussion on this subject when it was up before I kind of smiled to myself.

MR. VOELKER, Atchison county: I would like to suggest that this information be sent to the assessors about a week before March first. It will take about a week to drill this into our deputies. If that information will be available by that time it will help the assessors out a great deal. Otherwise, we will have to take up time that takes for assessment purposes and lose that much valuable time.

COMMISSIONER KINCAID: It will not be delayed longer than necessary.

COMMISSIONER ROWAN: In our revised instructions you have had your attention called to all these changes in these statements. Form 8, which is the form for the assessment of banks, has just been received from the printer, has it not, Clarence?

MR. SMITH, secretary Tax Commission: Yes, sir.

COMMISSIONER ROWAN: Instructions concerning the use of that blank are given very fully in the revised instructions for 1919. If you get the information we ask for on the blank there should be no trouble in arriving at the assessed valuation of the bank, and there isn't a banker on God's earth that can't give you that information "toot sweet." We have received from the insurance commissioner the names of the insurance companies in Kansas and the blanks have all been prepared under the new law, as best we knew how, and they will be sent to the counties in which these various companies are located for the purpose of assessing them. The new law makes the Tax Commission, as the board of appraisers, assess power transmission lines, and we sent out that request to the various county clerks to give us the names of intercounty lines of

that kind. The Tax Commission, in discussing the matter, decided that an intercounty power transmission line would be a line that transmitted electric current intercounty, which might be used for lighting, also for power, and where it would be impossible to differentiate between how much was used for one and for the other. All that are intercounty will be assessed by the board of appraisers, whether the bulk of their business is furnishing light to neighboring counties or furnishing electric power or current. Judge Howe thinks that we have enough of the blanks that we are using to assess power companies, so that we can send them to those counties which have plants of the same kind.

I was very much impressed in looking over a good many returns last year to find counties that, so far as the abstract of assessment roll was concerned, had no banks. In other words, line 26, which is the assessment of bank shares, was not used at all, and was carried in some place else on the abstract roll—usually on line 16. Under the present arrangement there should be no trouble in following the form laid down in the returns.

COMMISSIONER KINCAID: The conference is open to any matter of interest relating to assessment you care to raise.

MR. CARLSON, deputy, Pawnee county: In regard to power transmission lines. Some time ago we sent the Tax Commission a statement of the Pawnee county power and water lines. Since that they have acquired a line from Garfield to Belpre; part of it in Edwards county, and at the present time there is a deal on to make a change again. Now, the question is, how is the county assessor to know whether he shall assess that stuff or the Tax Commission, where a change takes place every ten days or two weeks. The Pawnee Power Company only own part of the line in Pawnee county, but since then it has taken over part of the Edwards county line. And I was told before I left home that there is a deal on to make a change again. Of course, it keeps a fellow guessing.

COMMISSIONER ROWAN: They own part of the line in Edwards county now?

MR. CARLSON, Pawnee county: Yes, sir.

COMMISSIONER ROWAN: Operate it?

MR. CARLSON, Pawnee county: Yes, sir; Kinsley and Larned both on same line.

COMMISSIONER KINCAID: If it is an intercounty property on the first day of March it would be assessed by the state board; if within one county on the first of March it would be assessed by the county assessor.

MR. CARLSON, Pawnee county: Be up to us to furnish information to Tax Commission to that effect. We have reported already that this transmission line was wholly within the county, but now of course it makes it intercounty, and if those conditions exist on March 1, it would be up to us to inform the Tax Commission to that effect.

MR. HURREL, Jackson county: Another point I want to bring up here. This last year in our county we assessed registered cattle about the same as high-grade ordinary stock. We had to pay out something like eight or ten thousand dollars last year in our county for tuberculosis,

and we had a change of heart right away. We found that parties will sign statements that this stuff will average \$80 or \$90 a head, on their statements to us for taxation, then we find when they come in with their bills that this stuff is listed from \$300 to \$900 a head, and they seem to be sustained by the powers that be. Nothing else for us to do but pay this, but we immediately proceed to assess this stuff at its value as nearly as we can ascertain. We instructed our deputies to do this and made quite a commotion. Men who had herds of registered cattle told us plainly that we couldn't assess them with it. We told them that if the cattle were worth \$300 or \$600 at one time they were worth that much when they come in on the roll. We had quite a bit of trouble. We assessed them high, and we are getting back some of that money that we paid out. Over the state where attention has not been called to this tuberculosis matter, in many counties, they are assessing this registered stuff at about the same rate as formerly. It has never been brought up in that way before in our county. We lose hundreds of thousands of dollars in assessment of these herds, and I don't believe it will be but a year or two until we will have this money back in our county.

EFFIE M. BROWN, Nemaha county: Same thing occurred in our county, so we assess registered stock at practically what we pay for it when it is tubercular. There is one herd in our county, over by Sabetha, that is tubercular, and every once in a while we have to pay out a large sum of money. We assess it at what they claim it is worth.

MR. SEKAVEC, Ellsworth county: We have a few registered cows and other stuff. Very few of them died. We don't make any distinction. Average price for a cow, young cow, was about \$56 last spring. The registered cows are assessed at \$100. That's all the difference we make, and they claim, you know, that it is policy not to assess them so high in order to promote the idea of improving stock; that if it was taxed heavily that it would bar, it would throw obstacles in the way, and stock would not be improved as well as it would if it isn't shown some privilege on the tax roll. That was the decision of the board, not mine, mind you.

COMMISSIONER KINCAID: It is the mandate of the statute that should be our guide, and there is no more important thing, unless it is to know a value when you see it, than to know the statutes under which you are to place those values.

MR. McNARY, Anderson county: In the case of the tubercular stock the lady spoke of, did you say you assessed it for the amount they paid in damage for it?

EFFIE M. BROWN, Nemaha county: We tried to get part of it.

MR. McNARY, Anderson county: After the first of March?

EFFIE M. BROWN, Nemaha county: This year. We raised when the board of equalization met; yes, sir. It was not assessed high enough.

MR. McNARY, Anderson county: If it happened after the board of equalization met would you carry it on the tax roll as an addition to the roll?

EFFIE M. BROWN, Nemaha county: This was before they met, and when they met we changed it.

MR. McNARY, Anderson county: This assessment was made the first of March. Our abstract is sent to the Tax Commission in June. Suppose in July or August a case came up and the county has to pay for these cattle.

EFFIE M. BROWN, Nemaha county: You are supposed to have them in before that time, the valuations.

MR. HURREL, Jackson county: I believe I can answer that question. Our theory is to get this on the tax rolls the first of March, or at least by the time the board of equalization meets. If when the board of equalization meets we find that there are herds of cattle or cattle that are not listed high enough, of course we have them come in and show reason why we should not assess this stock higher. We instructed our deputy assessors to assess them pretty high. You know that these herds have a reputation; the reputation is high. Some of them are just ordinary. They don't sell as high. We try to enter them and assess them as near as we can at what they are worth. Parties coming in who had herds to object to the assessment as too high, we simply went over those animals and questioned these men in regard to what line of stock it was and if they had sold certain animals for so much, and brought out about what this stuff was worth, and in some cases we nearly all agreed. These herds were raised on an average of two or three times what they were formerly assessed at. It resulted in the other farmers being better pleased. Here is a farmer who puts \$10,000 into an ordinary bunch of cattle, may have 100 head, and another man puts \$10,000 into a half dozen cattle. Well if they come in listed at \$100 a piece, those half dozen cattle, as heretofore, and followed in a good many counties, and as these stock men claimed that we couldn't assess this stuff, we told them we were going to assess it and we tried it and it came out all right, and I am satisfied that is the thing to do in every county.

COMMISSIONER KINCAID: Anybody else desire to talk on that topic?

CHAIRMAN HOWE: Mr Large has had the experience of paying for tubercular cattle that he didn't have for assessment.

MR. LARGE, Summer county: Whenever we have any claims to pay we generally provide the county commissioners with the assessment blank of that stock and generally we get through on the basis of the assessment in settlement for that stock. We settled something like \$4,000 just the other day on the basis of the valuation that was taken for assessment purposes.

CHAIRMAN HOWE: Do you agree with Senator Hurrel that they should be assessed at actual value?

MR. LARGE, Summer county: Yes, sir, I do. The condition of the stock has a lot to do with it. We have had the same kind of trouble. Take white-face cattle, pedigreed stock, in Summer county, in the southern part of the county, there is a herd down there that have run down in flesh and run down in other ways. Still they claim they are pedigreed stock. They are not good stock and the commissioners equalized those values. Stubbs claims he has good stock but he assesses in Douglas county, while we have to pay the losses down there.

CHAIRMAN HOWE: You don't do that any more, do you? You have the assessment now, don't you?

MR. LARGE, Summer county: I had the assessment last year.

MR. HURRELL, Jackson county: I would like to see the Tax Commission recommend to the legislature that when a man lists this registered stuff for assessment, when he has a loss, make it obligatory to accept whatever valuation he puts on them. If he has an animal worth \$9,000, let him name that in there. Let him pay taxes on it, and if he has twenty head of registered cattle, let him put it in at what he would be willing to accept as loss. If there is any special value, let him put it on. As it is now it makes a great deal of expense and worry.

MR. McNARY, Anderson county: Here is a point I wanted to bring up. Last year the assessment was made for these cattle and some time during the year subsequent some of the stock died and the county commissioners had to pay so much for those cattle. Can't we go back and tax up on last year's assessment what the county had to pay for those cattle?

COMMISSIONER KINCAID: No, I am not quite sure that you couldn't. You would have to go by section 11331, which would be difficult, probably, of invoking.

MR. HARVEY, Marshall county: Every year we have said a great deal about the assessment of full-blood cattle. The Tax Commission will have to get down and make a hard and fast rule and see that it is observed. Two or three years ago we talked it over and everybody was going to assess them for what they were worth. I assessed one herd head for \$3,500, and that was the only animal in this state that carried any such assessment. The average assessed value for full-blooded animals in my county last year was around \$300 and for yearlings \$150 on this class of cattle. No other county in the state did this. It is useless to put a penalty on our stock breeders. We have the combined force of the Agricultural College, the live stock commissioner and the breeders' association against us, unless the Tax Commission is going to make the county assessors see that these cattle get on there for what they are worth. Any number of counties in the state have high class stuff. Hundreds of head of white-face cattle are shipped out every year for breeding purposes only. I tried to assess them for that, and did for one year, but I have quit now. No use. Nobody else is doing it. Unless the Tax Commission will absolutely make a hard and fast rule and see that everybody else does it, you won't get it. I have had this tuberculosis position. Had one animal on the roll for \$50, found tubercular, and asked \$700 for him. We argued the matter considerable, and finally paid \$500 for him. Too late now, the animal is gone. I think it ought to be the rule; ought to be enforced. There are a number of times more value in full-blooded cattle in this state than there is in schedule 2f or 23y that can be had in my opinion. If that stuff ought to be gotten, so had this other valuation. You pick up the *Kansas Farmer* or the *Mail & Breeze*; every page full of this full-blooded stock, and reports of sales. Cows up in my county sell for \$700 a head. The value is there; ought to be on the tax roll. Everybody ought to assess them that way.

MR. VOELKER, Atchison county: I sometimes wonder whether the packers association, or the butchers over the country put a premium on that kind of meat because it is registered. Kansas is a very progressive state, and in a few years there will be a great number of these registered cattle throughout the state. These cattle can always be sold from one farmer to another. Some day they will be sent to Kansas City for slaughter, and it will at that place bring a premium because it is registered meat. A great number of farmers throughout the country are investing in registered stuff for the reason that it grows faster, gets larger and they have better luck with that kind of cattle. These cattle are finally sent away for slaughter as other common cattle, and there they receive the same price for that stuff as they do for that common herd stuff. We will have to be more careful in assessing some of this stuff. What price will we put on these cows? For marketing purposes some of the registered stuff may be all right and some may not be. A cow that would give the greatest number of pounds of the best butter would be the best cow whether she was pedigreed or not. We may go too far. We continually talk of the highest price this stuff is sold for.

COMMISSIONER KINCAID: The only thing that I see wrong with your theory is that it is entirely wrong. I have read the assessment and taxation statutes a good many times and I never yet saw a standard price as to what a packer will pay for it. The statutes are replete with actual value and true value, and there is one specific statute which says that personal property shall be assessed at the usual selling price at the place where held, and if no such selling price be known to the person required to fix the value, then such value as is believed could be obtained for it at such time and place. There is a specific statute that I haven't missed very much in quoting.

MR. VOELKER, Atchison county: There will be a time when this stuff will be put on the markets of this country. It seems to me you will then have to say how it shall be assessed.

COMMISSIONER KINCAID: Don't have to say it. The statute says the time and place where sold.

MR. VOELKER, Atchison county: Would this establish the price of cows for slaughter on the markets.

COMMISSIONER KINCAID: You are entirely wrong, Mr. Voelker. Those things are worth the usual selling price of what can be obtained for them where held. Stuff that never gets to market could not be priced as to what would be paid for it in Kansas City. You have the judgment of the person that is required to fix the value thereon at such value as he believes could be obtained for it.

MR. VOELKER, Atchison county: We can't keep these thoroughbred cattle for ornament over the state.

COMMISSIONER KINCAID: If no such selling price is known to the person, he places on it what he believes could be obtained for it at such time and place.

MR. HURREL, Jackson county: When a man has a loss we have to pay for the loss. We would be perfectly willing to say what it is worth.

MR. McNARY, Anderson county: We are assessing this first of March for the year ending March 1, 1921, for last year, and next year if this high-bred stock is sold and the market falls, it will be worth less money next year and would be assessed at a lower price.

COMMISSIONER KINCAID: The value that obtains the first day of March is the value to use. Any other questions that you wish to bring before the conference?

MR. CARLSON, Pawnee county: About the question of remuneration. Should it be necessary for every deputy assessor to keep a time sheet of actual time employed in performing his duties as assessor? The reason I am bringing up this question at this time is that last year we had one assessor in the township and city of Garfield. He brought in a valuation of \$472,000, I think it was, and his bill was \$10 more than an assessor who only had a single township and brought in a valuation of \$140,000. This gentleman from Garfield township kept an accurate statement of the time he put in. If he put in two hours, he put in two hours; if he put in ten hours, he put in ten hours. His statement contained the time actually employed in assessing, while the majority of the deputy assessors we know will just put in a lump sum. Then when they came in to settle up they would ask how much did so and so put in claim for. They want to get as much as the other fellow, whether they earned it or not, and I have been talking over with Mr. Dexter, county clerk of our county, and I said that our deputies should keep a time record of time actually put in, and if he works overtime pay him the number of hours worked. Last spring I know of several instances, because the way I found it out was in checking up the statements. I checked up the days and several days only one statement taken on that day, and full day's time put in for taking that one statement. I would like to be instructed on that.

COMMISSIONER KINCAID: It is a very important thing for the county assessor to study the assessors under him, to know their characteristics and their temperament. I think there needs to be something that will waken the conscience of some such deputy assessors. No bill should be allowed until it has been O.K'd by the county assessor, but I believe that bill last year doesn't require the O. K. of the county assessor on the voucher. That would be the only lever you would have, aside from your general supervision, and try, if you have such deputy assessors, to waken their conscience, and I think it would not be repeated. Mr. Howe suggests that as now under the law the county board alone is required to O. K. the vouchers, that they might well establish some rule about the minimum amount of work that would constitute a day's assessment. That might contain some complications, but no doubt many of you have noticed in looking over the work done by different deputy assessors, the vast difference between the work accomplished and bill rendered by one assessor compared with the work accomplished and bill rendered by another.

MR. DOANE, Osborne county: In our county we have the deputies keep track of the time by the hour, so many hours each day, and bill that on the voucher. Another statute in regard to that remuneration,

that's in regard to \$4 a day for cities of the first and second class. The law provides they shall receive \$4 a day; all other assessment districts \$5 a day. There are two towns in our county practically the same size, one town a city of the second class, and deputies there receive \$4 and all other towns in the county they receive \$5.

COMMISSIONER KINCAID: The conveyance he had to use was taken into consideration. In the city there was no necessity for expense of a conveyance.

MR. DOANE, Osborne county: On the other hand we have some smaller cities that give \$5 a day, yet while they work that town they need no more conveyance than in larger cities.

COMMISSIONER KINCAID: The Commission can't change that compensation. It is up to the legislature.

MR. SEKAVEC, Ellsworth county: In our county we allow for all the work done in the cities, whether small or large; got nothing better than second class I think, they all get \$4. In the townships they get \$5.

COMMISSIONER KINCAID: That was what the bill provided. There was such a good suggestion presented by the gentleman from Jackson a while ago. That was regarding the valuation as returned for assessment being the valuation or the maximum, upon which they could ask for reimbursement in case of condemnation. Something similar to that, was it not? That principle, with the necessary modifications, it seems to me, would be a very fine thing. I also wish to call the attention of the gentleman from Atchison to the fact that he was not here when the governor was here and didn't hear him recite about conditions over in New Zealand, where, if the taxpayer objected to the amount placed on his real estate he could put down his own valuation, but when he put that down he had absolutely to take that valuation whenever he was offered that amount for it. That idea with some little modifications would be the very best way on earth for getting property on the tax roll as now required by statute.

MR. HARVEY, Marshall county: I would like to ask how many intend to assess registered stock at what it is actually worth.

MR. SEKAVEC, Ellsworth county: I never heard any argument on registered stock. It may be as Mr. Harvey says there. I don't remember any argument. I think it was left principally to the board. We only have two small bunches of registered stock in the county, and it don't amount to a row of beans when it comes to valuation. But this distinction they did make, they assessed those registered cows for \$100 while the others about \$56 or \$57 on an average. I am willing to abide by the decision and put it where it belongs, what they are worth.

COMMISSIONER KINCAID: The gentleman from Marshall wanted to make a request, which I am perfectly willing for him to make in my place.

MR. HARVEY, Marshall county: All who intend to assess cattle at their actual value, let me see their hands.

MR. LARGE, Sumner county: If it is poor, and we assess it at what we consider the actual value; if you use your judgment on that, I am willing to vote.

MR. HARVEY, Marshall county: The majority of this stock don't go to market. You take Holstein cattle, Jersey cattle, Guernsey cattle, they never reach the market until shipped for canners, and they are registered full-blood stock; majority of it does not go to market. My county ships more to Mexico than it does to Kansas City. When sales are made, three or four carloads of yearling stock are listed at \$300 a head; that is what I consider it actually worth. The owners of those herds are good business men and carrying insurance on all this stock, and Mr. Voelker here tells me he had recently a \$16,000 animal in his county. Should get it on the rolls for about \$12,000. It won't go to market.

MR. BENNETT, Smith county: Sometimes the prices of that registered stock depends on the owner. I know we have one man that handles this on a large scale and has a reputation all over the United States for handling these cattle, and he will get a price of \$500 to \$1,000 for animals that other fellows that handle the same stuff would only get \$300 to \$400. He buys the stock for \$200 or \$300 and turns right around and sells them for \$600 or \$700.

COMMISSIONER KINCAID: I just want to say right here that I do think if you would commit to memory, like we used to say, thirty days hath September, April, June and November; all the rest have thirty-one, except February alone, which has twenty-eight, and in leap year twenty-nine. It is the usual selling price at the place where sold. Now, Mr. Bennett, you are getting at an unusual price at the place where sold. This rule for personal property doesn't say an unusual price, but the usual price, and you described an unusual price.

MR. GEO. A. HOWE, Kingman county: I would like to ask if auction sale is an unusual or usual price?

COMMISSIONER KINCAID: You will have to consider all the facts surrounding any individual circumstances.

MR. CARLSON, deputy, Pawnee county: It will have to depend on the judgment of the assessor, because no two cases are alike. I will give two concrete examples in our county. For instance, George K. Lewis has some registered black Polled Angus. I know last fall he shipped his calves at weaning time; averaged over 700 pounds apiece on the Kansas City market. Although they were registered, they brought market value. At the same time he sold animals out of the same herd as high as \$400 and \$500 apiece. Where are you going to get your valuation? Another party down there has registered Herefords. Some two or three weeks ago he sold a six-months-old animal to a party in Oregon sight unseen for \$1,000. The gentleman in Oregon handled this stock, but had never seen this animal. Just described the animal to him, gave the weight and everything, and said only \$1,000 for that animal, and the man sent a check for that amount. How is the assessor going to tell the actual value of any one of those animals? Only thing he can do is use his best judgment in getting somewhere near actual value of that stuff.

COMMISSIONER KINCAID: Just refer to the statute again, and it says that the deputy assessor, from actual view, etc., shall place his valuation.

MR. CARLSON, deputy, Pawnee county: That was just a six-months-old animal. Probably could not get half that for the same animal anywhere near home. This man in Oregon simply wanted seed from that herd.

COMMISSIONER KINCAID: It was an unusual sale. There are more unusual sales than there are of the stuff that is sent to market, because that is practically assured. The markets fluctuate so much. There are always these little things surrounding the sale of registered stock of this kind, but still we must bear in mind what would usually be brought for that. After all, we have got to apply the statute along with the judgment of the person who fixes the value. That's all in the world you can do.

CHAIRMAN HOWE: May I read what we said about this some years ago:

"As relates to the assessment of certain classes of live stock, the Kansas City market quotations of March 1 would be an invaluable guide. The prices there, less freight and a reasonable commission, would aid in arriving at actual value. Of course, quotations per 100 pounds would make necessary an approximate estimate of the weight of the stock, but all quotations on stock as classified would help in settling up a value.

"Pedigreed stock is worth more than common stock; but the degree of excess value the deputy assessor must determine, and should consider all facts and conditions. This kind of live stock is held for uses peculiar to its class. The value of that use, as marked in dollars and cents, is one of the elements to be considered in fixing its actual value in money. A pedigreed animal not used for breeding purposes, and whose use is only that of the ordinary animal of its class, has little or no added value arising from its pedigree."

COMMISSIONER KINCAID: The conference is open to anything you care to bring up.

MR. COOKE, Kiowa county: What is the proper way to assess an ice plant?

COMMISSIONER KINCAID: Why should an ice plant be any more difficult to assess than a meat plant? Is the ice plant a corporation?

MR. COOKE, Kiowa county: No, sir.

COMMISSIONER KINCAID: Owned by an individual?

MR. COOKE, Kiowa county: Yes, sir.

COMMISSIONER KINCAID: You should be more specific as to what kind of an ice plant it is. Is it just simply engaged in manufacturing and selling of ice?

MR. COOKE, Kiowa county: Yes, sir.

COMMISSIONER KINCAID: Where is the business conducted?

MR. COOKE, Kiowa county: Greensburg, Kansas.

COMMISSIONER KINCAID: Through what part of the year is it in operation?

MR. COOKE, Kiowa county: About five or six months. All the year it manufactures some ice.

MR. BIRD, Wyandotte county: We have two icing plants in Kansas City, besides other ice plants that run all the time. The Rock Island, the Santa Fe and the Union Pacific. I assessed them just the same as

I would assess any other manufacturing concern—at the average value of the commercial price of ice. They went before the board and got it cut off and got it reduced to about the normal operation of an ice plant, which they claim is about five or six months.

CHAIRMAN HOWE: Now if the plant is an incorporated plant there should be no trouble about it, because the capital stock is to be assessed at actual value in money, which value may involve intangible values, such as going concern, good will, franchise, or whatever name you call it, growing out of the operation of the plant. In other words, it is earnings that determine largely the value of the capital stock, and that will measure the assessment. A little more difficult, perhaps, with a plant that is not capitalized, not owned by a corporation, but our supreme court has said that these intangible values may attach to tangible property if they cannot be reached in any other way. In speaking of foreign corporations whose principal office is in another state, we can't, in Kansas, assess their capital stock, but we say in the instructions:

Foreign corporations whose principal office is in another state.—What has thus far been said applies to the assessment of domestic corporations and the foreign corporations that have the principal office in Kansas. As to foreign corporations the principal office of which is outside of the state, their assets in hand are to be listed for taxation the same as are those of domestic corporations or of foreign corporations having the principal office in the state. The shares of stock of such a corporation cannot be assessed through the corporation, as they are outside of the jurisdiction of the state, but if an investigation properly made shall convince the deputy assessor that the business of the corporation is such that there is connected with its transactions a going concern or an intangible value which is entirely the result of the business within the state, then advice is given to the effect that the assessment of the assets may be increased by the amount of any such intangible value as grows out of the business, whatever it may be denominated—franchise, going concern, good will, or other kind of intangible value.

This last instruction is justified by the holding of the supreme court of this state in a case in 83 Kansas, reported at page 195, where the court said:

"For many purposes intangible interests like those discussed may be considered as appurtenant to tangible property; whenever they cannot be reached for purposes of taxation in any other way they will be so considered, but the adoption of that method is not always essential."

I would cause them to list their property, their assets that are taxable, specified in terms. I would then ascertain the financial success of the plant as an operating plant and from that I would determine the value of the whole business, and if an excess of value over and above asset value, I would increase the asset value; that's the way I would do it.

COMMISSIONER KINCAID: Those assets would want to be determined under the law relating to the assessment of manufacturers. There is a specific statute for assessing manufacturers and merchants. Probably come under this statute.

MR. LEE, deputy, Reno county: I have assessed these ice plants in years gone by, and I find that an equitable way is to get the amount of the machinery, what it cost, and allow them a certain per cent of depreciation each year. Of course they will keep it up in pretty fair shape.

You can't tax them for the water; neither can you tax them for the ammonia. You can tax them for the finished product after it is put away in the cold storage room, and tax them on the machinery, on average amount of ice kept in storeroom, like any other manufacturing plant. It is the simplest way to get at it and the most satisfactory way. Hutchinson has several large ice plants connected with the salt works.

COMMISSIONER KINCAID: I haven't had time to consult with the Commission, but to speak for myself, the average amount of finished product would be the output of the plant for the number of days it was in operation. I mean, to divide into the total product for the year, that would be the amount, because this storage proposition might or might not extend over the same period of the year. Is Mr. Cooke satisfied that the question he asked has been answered?

MR. COOKE, Kiowa county: Yes, sir.

COMMISSIONER KINCAID: It was suggested yesterday, the question was raised and was not fully discussed, and no conclusion was reached, about these certificates of indebtedness that the government was about to issue during the month of February that are redeemable in the month of March, and whether such certificates would be amenable to the laws relating to government bonds. I am going to ask Mr. Howe to give you what the Commission has concluded on that subject.

CHAIRMAN HOWE: Since yesterday we have considered that question, and we have come to the conclusion that investments of this character ought to be treated exactly as moneys invested in government bonds, that is, the value of such certificates in money shall be divided by twelve, and the quotient shall be multiplied by the number of months or fractional parts of months remaining after deducting the time while such certificates were owned, and the product should be listed as money on hand on the first of March, and put on the tax roll.

COMMISSIONER KINCAID: Colonel Rowan spoke something about electric power transmission lines, and you will find in the Revised Instructions a place where it says that the assessment of these power transmission lines is taken out of section 11282. It is assessed by the deputy assessor as real estate. You will remember that section, where it says, "lamp-posts, meters, shacklerods, plugs, tanks, wires and all other property, etc." This act about the power transmission lines having been passed by the legislature of 1919, while it doesn't repeal any portion of any other statute, yet by implication, being the later statute, does repeal that part of section 11282 so that power transmission lines are to be assessed no longer by the deputy assessors but are to be assessed by the county assessor if in a single county, and by the state board if in more than one county. I merely wanted to speak of that because nothing is repealed, no inconsistent legislation, and it might lead to some confusion.

MR. VOELKER, Atchison county: We are in doubt, Judge Howe, as to what you said about those certificates.

CHAIRMAN HOWE: I said this. If they buy them in February, there is eleven months they didn't own them. Divide the investment by twelve under that statute. Divide the value of the securities by the number of

months in the year preceding March 1, and multiply the quotient by the number of months that the money wasn't invested, and put it on the roll. That's what the statute says.

MR. HURREL, Jackson county: That would be unfair, for this reason: Suppose a man might sell his farm in January for \$10,000, on which he paid taxes last year, and then simply because he invested thirty days prior to March 1 in these securities, he would have to pay taxes on that amount again.

COMMISSIONER KINCAID: Under this proposition he only has to pay for eleven-twelfths of the amount.

MR. HURREL, Jackson county: Would he have to pay if he didn't have this money?

COMMISSIONER KINCAID: He would have to have some money to invest in these government certificates.

CHAIRMAN HOWE: Senator Hurrel didn't help make this law, but he was in the senate and didn't help amend it. It has been on the statute book since 1876, and provides explicitly: "But where bonds of the United States have been purchased by any person during the year prior to the first day of March, where property is required to be listed as of that day, the value of such bonds in money shall be divided by twelve, and the quotient shall be multiplied by the number of months or fractional parts of months remaining after deducting the time which such bonds were owned, and such product shall be listed as money on hand on the first day of March by the party." That has been the statute ever since 1876.

COMMISSIONER KINCAID: The Commission has held that where county warrants are held for purposes of escaping taxes, that doesn't exempt them from taxation.

MR. PAWLING, Bourbon county: Say a man buys these bonds. He sold his farm in July. He came in possession of say \$10,000 and in January he invests in government bonds. Would it be right to assess that man only on the length of time that he became in possession of this money?

COMMISSIONER KINCAID: That's a question for the legislature to decide.

MR. VOELKER, Atchison county: Is this certificate of indebtedness taxable?

COMMISSIONER KINCAID: No; no government obligation is taxable itself. No, sir; it is not.

CHAIRMAN HOWE: But the moneys invested in it are under that statute.

MR. COOKE, Kiowa county: In our county we have a great many elevators. We have a few elevators that only keep open two or three months in a year. Is their product to be divided by twelve, the same as other elevators?

COMMISSIONER KINCAID: You want to get at the average?

MR. COOKE, Kiowa county: The law says average for twelve months.

COMMISSIONER KINCAID: Does it? I thought it said average for the time engaged in business.

MR. COOKE, Kiowa county: I don't think so.

CHAIRMAN HOWE: Yes, it does.

MR. COOKE, Kiowa county: We have been in the habit of dividing by twelve.

COMMISSIONER KINCAID: You say they are only engaged in business for a few months out of the year? They are idle the rest of the time?

MR. COOKE, Kiowa county: Yes, sir, closed up.

COMMISSIONER KINCAID: Then find the average for each month during which they were engaged in business; add the several averages; then divide by the number of months they were engaged in business; this will give you the average for the time they were engaged in business.

MR. SEYMOUR, Allen county: I would like the Tax Commission to tell the county assessors how they, the county assessors, are to get the deputy assessors to assess all real estate and all personal property in the county at actual real value. I would like to have that answered.

COMMISSIONER KINCAID: By faith you can remove mountains, but I don't believe that by any amount of faith or persuasion you will get that done this year. You do your best. I think along that line that some more suitable system of assessment would help some, and in a long series of years I think you would improve it very perceptibly, but you must remember that value is one of the most elusive things there is. We have only got to do our best and come to the nearest approach to our ideals as we can. That's about all you can do, gentlemen.

MR. CARLSON, deputy, Pawnee county: Our real estate was assessed in 1917. I made out the abstract roll very carefully, not using any values that showed inflated valuation in making it. In 1917, our average was something over 17 per cent, and on the same valuation last fall, first of January, 1920, less than 60 per cent on the same valuation. Some inflation of values.

COMMISSIONER KINCAID: You are allowed a discretionary judgment as to what was ordinary *bona fide* value received in the transaction. I notice in some counties each township will show one or two transfers, while an adjoining township will show sixteen, seventeen and eighteen transfers. Are you honestly trying to keep down the percentage of your assessed to the transfer value in some counties, or are you honestly trying to record every transaction that seems to be *bona fide* in its character. Counties just joining, having practically the same class of real estate, there would be just one, one, one transfer in a township; others twelve, fourteen and fifteen or eighteen.

MR. COOKE, Kiowa county: Now take in our county. You will find that in two or three townships only two or three transfers are made in a township, while in others there will probably be twenty or more. The reason of that is, take Logan township for instance, fully one-half of the land in that township is owned by two brothers, and another gentleman, and whenever they get hold of a piece of land, it is theirs as long as they live. In other townships the biggest portion of the land is owned by speculators, changing back and forth. Those conditions actually exist.

COMMISSIONER KINCAID: It is a condition that causes us to sit up and take notice.

MR. STEWART, Reno county: This year in one township we only had two sales, two transfers, to report. We only had three or four transfers in others.

COMMISSIONER KINCAID: We have tried to get the legislature to get the true consideration to be stated in the deeds but were never able to get it.

MR. SEKAVEC, Ellsworth county: I was going to say about the report I made. I have put in everything except family sales. There is, for instance, a father sells to his son, and of course if I put them in it would not help me. It would not help the average because it was sold for less than it was assessed at, but I didn't think that was right to put in. It would be misleading. So wherever I knew it was family sales, I withdrew the sale from your report. The report is now based on *bona fide* sales.

COMMISSIONER KINCAID: You ought to be very diligent about reporting these sales.

MISS HARRIS, Stafford county: That actually existed with us, because I remember one township we had, and there was just one transfer, and there was some of the others where there was quite a long list.

COMMISSIONER KINCAID: It reflects that real estate is just about as active in Edwards county as in other counties.

MR. BROWN, Cowley county: We have a great many of these deeds, \$1 and other consideration, and then the royalty rights reserved, and we are getting in deeper and deeper all the time with those royalty rights, and I would like to hear a little discussion on how to handle this.

COMMISSIONER KINCAID: Your question, Mr. Brown, was where these transfers reserve royalty rights; you mean by that that the grantor of the real estate reserves the right to receive any royalty that might come by having discovered oil or gas on this real estate.

MR. BROWN, Cowley county: They will reserve a sixteenth, and another a thirty-second and then a sixty-second, until you get way up there. Very little oil development in our county. One well that was drilled in about four or five years ago that is still producing about the same as it has been, and there are other wells that have been drilled in that will be reported as a 1,000-barrel well, and yet inside of three or four months goes down to nothing.

COMMISSIONER KINCAID: Just answering off-hand, I will say it seems to me that any royalty value will develop and be connected up with the lease value when oil is discovered.

MR. BROWN, Cowley county: The law requires that these royalty deeds be put in and taxed now. If not, they become void.

CHAIRMAN HOWE: I do not understand that your royalty deeds have to be put on record within six months, do they?

MR. BROWN, Cowley county: Yes, sir.

CHAIRMAN HOWE: The statute says that where the fee to the surface of any tract is in any person or persons, natural or artificial, and the right or title to any minerals therein is in another or in others, the fee to such minerals shall be valued and listed separately from the fee of the land. Now the royalty receiver hasn't the fee title to the minerals, but does have a royalty upon production. Another statute provides for the assessment of oil and gas interests, and provides for a distribution of the assessment between the operator and the royalty receiver.

MR. BROWN, Cowley county: Our county attorney contends that those deeds are covered by that statute.

CHAIRMAN HOWE: He don't retain an interest in the minerals as such; he reserves only the right to the royalty agreed on.

MR. BROWN, Cowley county: Then not necessary to put them on.

CHAIRMAN HOWE: If they have any value, the interests retained are to be assessed as indicated above.

MR. BROWN, Cowley county: Have no value now. May have some day.

CHAIRMAN HOWE: I don't think that is a separate conveyance in the sense of that statute. In some of those deeds a royalty is reserved in the deed. That isn't equivalent to separating the fee title of the minerals from the fee of the surface, is it?

MR. BROWN, Cowley county: I don't know; not lawyer enough to say.

CHAIRMAN HOWE: This statute says that where the ownership of the minerals in fee is separated from the ownership in fee of the surface, that the mineral reserve shall be taxed, and that if it isn't recorded within six months it shall be null and void. Now, your attorney may hold that under that section this royalty proposition should be recorded in order to protect the rights of the royalty reserver. Now a man having a document of that kind will want to record it anyhow.

The suggestion was made to me yesterday by one of the assessors here that he thought the impression prevailed, at least among some of the assessors, that chattel mortgages are not taxable, and that that impression grew out of some instruction that this Commission has in its book. I don't understand how any such misunderstanding can be had. Do any of you have that idea, that chattel mortgages are not taxable?

MR. BIRD, Wyandotte county: There is nothing in the statutes providing that chattel mortgages shall be assessed.

CHAIRMAN HOWE: It is a credit and assessable.

COMMISSIONER KINCAID: Mr. Bird, let's refer again to the opening paragraph of the taxation code, which says that all property not expressly exempt is subject to taxation. The next subject defines property as anything subject to ownership.

MR. BIRD, Wyandotte county: About that line 23m, engines and boilers. Now I say to my deputies to assess, to use that line only when the engine and boiler is in runability; otherwise it is assessed as real estate. Is that correct?

CHAIRMAN HOWE: You are raising a question as between fixtures as real estate and personalty. Of course a piece of machinery, when it be-

comes attached to a building, in order to make it a legal fixture, becomes a part of the real estate. An engine and boiler not fixtures are personalty. If the property is outdoors and operating separately from the building and not firmly attached to the real estate, it is personalty, but when a mill is built for the purpose of grinding grain, and machinery is put in there permanently it becomes a fixture and is a part of the real estate which includes buildings.

MR. BIRD, Wyandotte county: Where he owns machinery and not the building?

CHAIRMAN HOWE: That is personalty.

MR. BIRD, Wyandotte county: Another thing I have had considerable trouble with. In the assessment of serum plants there are always big bunches of hogs. Now I take all of that and assess it as raw material and finished product. That is, the serum is finished product. The hogs and grain raw material. Then we assess them on their credits and cash, deducting the debts from the credits. That is the method I have used in assessing the serum plants, and we have nearly \$2,000,000 worth of serum plants.

CHAIRMAN HOWE: Foreign corporations, are they not?

MR. BIRD, Wyandotte county: Some foreign.

CHAIRMAN HOWE: That is what the statute requires. Take the average value of the raw material for the year preceding March 1, and the average value of the finished product for the year.

MR. BIRD, Wyandotte county: Have I been assessing them according to your interpretation of the statute?

CHAIRMAN HOWE: If you have been doing as I just suggested you have.

COMMISSIONER KINCAID: If corporations have an excess value in their corporate valuation over what you would otherwise assess, if the value of their stock was in excess of their values otherwise listed, then you should have assessed those corporations and add their shares of stock to the assessment.

CHAIRMAN HOWE: Or, if foreign corporations having the principal office in this state. Even unincorporated concerns of that sort may have attached to the tangible property intangible values growing out of the operation of the business.

MR. BIRD, Wyandotte county: Would the same method used in assessing the Ruddy packing plant be applicable in assessing serum plants?

CHAIRMAN HOWE: All manufacturing plants are to be assessed exactly alike, no matter what the product is.

MR. BIRD, Wyandotte county: One other question. Take this case wherein your body ordered a cancellation of \$70,800 assessment that I made against Peet Bros., for commercial glycerine that they had on hand that they said belonged to J. P. Morgan or the British government, but it was in their possession. I sent the deputy back to assess them, and did assess them, as agent for the company, which was Morgan & Company. It was there in their possession, and I saw on the county clerk's books

and the county treasurer's books they paid their taxes, but that \$70,000 is marked canceled by order of the State Tax Commission.

CHAIRMAN HOWE: It was shown to us that that was the property of the British government and was there temporarily and only because they couldn't get cars to ship it out before the first of March. Under such circumstances we held it was not taxable here.

MR. BIRD, Wyandotte county: Well, how are the assessors to know what they can make stick and what they can't?

CHAIRMAN HOWE: It is all covered in the instructions. The property was in transit.

MR. COOKE, Kiowa county: About a year ago in our county we were getting a flood of these \$1 consideration deeds. We got instructions from the Federal authorities not to take the assessed valuation of that land but to determine from other sources what that land was worth, and I noticed that in our county, I noticed quite a considerable decrease in the number of \$1 deeds. They were beating the government by giving \$1 deeds. The register of deeds should not take assessed valuation.

COMMISSIONER KINCAID: I do not think there is any hard and fast rule that they shall accept the assessed valuation as basis for revenue stamps. While the assessed valuation might be the true valuation, yet if the government wants the true valuation that is absolutely in the transfer when the deed is made, they can get it.

MR. HARVEY, Marshall county: A great many of us want to get away this afternoon if possible, and I know I would myself, if I can be excused, but before I go I would like to know what the consensus of opinion is regarding the real-estate assessment. How many are going to?

MR. SMITH, Secretary Tax Commission: Up to day before yesterday, we had reports of twenty-five counties suggesting that the state board make such changes as were found to be necessary at the state equalization; in eleven counties the county commissioners passed resolutions to reassess land; thirty-five counties not heard from; thirty-four counties made no comments whatever other than to pass resolutions not to reassess.

COMMISSIONER KINCAID: It is getting near the noon hour and I think I will now declare the conference adjourned until 2 o'clock.

MR. BURT, Wabaunsee county: In regard to this tax amendment. I think that that amendment ought to go through this year, and I would like to see the assessors do what they can. I think if we would explain to our deputy assessors and tell them when out in the field this year, if each assessor could convert five people that would mean a vast number of friends in favor of the amendment, and each one of those five people convert five more.

COMMISSIONER KINCAID: You have been getting some of these chain letters.

MR. COOKE, Kiowa county: Probably in every county the newspapers could be influential.

MR. BIRD, Wyandotte county: You sent out a circular in relation to the assessors who would like to get a member of the Tax Commission to

come into the county and instruct their deputies a day or two preceding their going out March 1, and I wrote the board a letter and they said they would take it up and settle it here. I would like to if we can fix it, have one of the members of the Tax Commission come to our county on February 27, and my neighbor in Douglas county would be pleased to have them there on the 28th; Leavenworth county can speak for themselves; also Atchison county. I want to have Governor Allen there to address us on these tax amendments so our deputies can do some missionary work.

COMMISSIONER KINCAID: The conference is now adjourned until 2 o'clock.

AFTERNOON SESSION,

FEBRUARY 6, 1920—2 o'clock p. m.

MR. BURT, Wabaunsee county: I think each county assessor understands the amendment, what the object is. I believe the wise thing for them to do is to so instruct their deputies so they can explain it to the taxpayers when they go out to assess. That is the only thing that produces the real results. I think it would be well if we could do a little missionary work along these lines, also through the newspapers. I am going to take it upon myself to do all I can in my county and trust all the other county assessors will do the same thing.

CHAIRMAN HOWE: Mr. Yenawine, of Riley county, states that the farmers need light upon the proposition. They do not understand what the amendment is; that there will be some objection this year. When the amendment was submitted six years ago and failed to get popular approval, the election went by default, that is, no campaign for its adoption was made, but just before election, the interests—you have heard that term used—got out some circulars and scattered them broadcast over the state, influencing enough votes to defeat the amendment. We had no funds to make a campaign with and so we made none. If the amendment carries, the legislature then can eliminate from the tax list seed-corn, grindstones, safety-razor blades and things of that sort. Besides that, it can provide a means of taxing mineral products, instead of trying to get revenue now from a guess of what is in the ground. One of the assessors this morning spoke about the zinc development since the last real-estate assessment, and asked how her county could get the value added to the real estate. It could be done if the constitution were changed permitting taxation of production, as they do in Oklahoma, and thereby lift the burden from the tangible property, which cannot escape.

Some counties have been asking about what records the counties will have to provide that are going to assess real estate this year; whether new assessment rolls will be necessary. The assessment roll prepared last year has on it columns for four years—1918, 1919, 1920 and 1921. All you will need is new field books and you can without doubt use the column that is on the assessment roll for 1920 by simply transferring the values from the field books to that column. Of course if there should be any change by the county board of equalization, and then again if the state board should equalize a little differently by raising or lowering a county that has reassessed, some trouble might arise, but one kind of ink could be used for one kind of value and another color for a different value.

MR. DOANE, Osborne county: We can use the assessment rolls but we have no place to put down the three separate valuations. Place for improvements added in 1918 and total valuation in your assessment rolls, but no space there to put down the value of the land under column for improvements and then total.

CHAIRMAN HOWE: We have thought it was unnecessary to do that because it is the aggregate value of land and improvements that is the tax basis, and your separate values are on your field books always for ready reference in case reference is necessary. Isn't that so?

MR. DOANE, Osborne county: Yes, sir, only you won't have the three valuations on your assessment roll.

CHAIRMAN HOWE: You won't have the values separated as between land and improvements. Neither would you have the acreage and things of that sort, but it would seem that this roll may be adapted to the purpose of the new assessment.

MR. HEINSOHN, Marion county: In Marion county we adapted our roll to the assessment of real estate by having printed gummed stickers with headings exactly like they would be on your sheets there for 1918. These we have on there. We have the items he mentioned, value per acre, value of improvements, everything right on that roll, and there still is enough room left for any changes liable to occur next year. It makes it very neat and handy. It really works fine.

CHAIRMAN HOWE: That is a very good way in case details are wanted as suggested by Mr. Doane.

MR. BIRD, Wyandotte county: I would like to have some kind of information on the proper method of assessing elevators which are corporations of foreign organization, and of course this matter came up yesterday and there was a lot of talk about it, but that referred to Kansas corporations and local organizations, but the elevators in Wyandotte county are all owned by foreign corporations and operated by them, and I have tried to assess them as we assess other concerns, but I find that the deputies usually bring in a lump sum, just one item of say \$250,000 or \$170,000, and that is all that I can get out of them. Can't get them to follow those statements as required, and I don't have much luck, except local corporations, in following the statements anyway. Is there any method ever been adopted by the Commission as the proper method of arriving at an equitable assessment of grain elevators; for instance, the Frisco elevator is what they call a transfer elevator. They have no storage capacity at all, and they just transfer from one car to another. In that case we assess them just the same as other merchants. Other elevators; Armour, for instance, and Simmons & Shields, they have a great storage capacity, one over a million bushels and elevators full most of the time, and to get at that is a big question, and if there is no better method than I am using, or any proper method, or any method adopted by this Commission, I have never been advised of it, and I would like to have some information on that elevator tax subject.

COMMISSIONER KINCAID: That would depend upon a good many things. Does the Frisco elevator ever own grain?

MR. BIRD, Wyandotte county: No.

COMMISSIONER KINCAID: The Frisco elevator is a foreign corporation, and where is its principal office?

MR. BIRD, Wyandotte county: Don't know.

COMMISSIONER KINCAID: Just assess its physical property. It doesn't own grain that is in it.

MR. BIRD, Wyandotte county: They don't even own the building. The grain companies operate it.

COMMISSIONER KINCAID: While I said that, yet as a matter of fact it is railroad property.

MR. BIRD, Wyandotte county: That is what they claim.

COMMISSIONER KINCAID: That is assessed by the state board.

MR. BIRD, Wyandotte county: I don't assess the property or the machinery. Just one-twelfth of the money they get for handling the grain. That's all I am entitled to.

COMMISSIONER KINCAID: I guess it is. You mean, as being merchants?

MR. BIRD, Wyandotte county: Yes, sir.

COMMISSIONER KINCAID: Simonds-Shields?

MR. BIRD, Wyandotte county: No; Goebel. We assess the grain and all their personal property, and the Armour interests and terminal interests. Of course, all foreign corporations. They have an average of two or three million bushels of grain there the year around; they will average that, and as I say, we assess it, and it will be more this year because grain is higher. I know that they came up here and got a lot of it taken off the year before because it was owned by the government. The government man would not furnish me any support or aid. I couldn't do much about it last year, either. If that grain which belongs to this company, if we could get an average amount of it at an average value of say No. 2, or any other number, we have methods of going after and getting all those informations, but is that the proper method to use and divide by twelve as the average amount of grain?

COMMISSIONER KINCAID: To ascertain the average amount of grain, yes. You get your average by dividing by twelve.

MR. BIRD, Wyandotte county: Is that the proper method?

COMMISSIONER KINCAID: That is the way you arrive at the average. That is the measure of the assessment.

COMMISSIONER KINCAID: You see it is the average assets through the various months of the year which is the value to be used on the first of March.

MR. BIRD, Wyandotte county: Some of the assessors they use forty as the divisor instead of twelve, and I used twelve as in any other business, because it is merchandise; because it is on hand, their reports show it, and we have got to get the whole year's business and the different grades, then strike an average price and assess all elevators alike on certain grades of grain.

COMMISSIONER KINCAID: You would take that through every day in the month and every month in the year. That gives you the representative value on the first of March.

MR. BIRD, Wyandotte county: That's what we do, just exactly.

MR. YENAWINE, Riley county: Nothing much said yet about building and loan and savings associations. That bothers me worse than anything. We will have to change that plan up there. We have a new building and loan company that has come in. Of course their by-laws are a little different than the old building and loan companies. I think they should all be assessed alike, strictly according to the law. I have more trouble with building and loan and savings associations than most any other assessment sheet. There is no sheet for them, in the first place. They kind of make out their own statements in typewriter, and every one different. Is there any sheet especially for building and loan associations?

CHAIRMAN HOWE: We have never prepared a special form for the assessment of building and loan associations. We have so many forms now that we don't want to increase them in number any more than absolutely necessary, and we have thought that the present forms could be used, at least to get the bulk of the assessment onto it after a special detailed statement had been furnished the assessing officer. I think, myself, the assessment of these associations is a mooted question. Of course the law requires of the association a return of certain of its assets for assessment, and requires the individual shareholders having free shares to list the withdrawal value of those shares where they live. Where the ownership is scattered all over the state the assessors of the different counties will have no knowledge of shares owned in their counties, and the consequence is that a lot of that kind of property escapes taxation. No doubt about that. I know of no way we can suggest to help it. I should think it would be easy enough to get at the amount which the corporation itself is to return for assessment, but to find the balance of it, which is represented by the scattered ownerships of the shares of stock is just the same sort of proposition as other intangibles. You can get it if the conscience of the owner impels him to disclose it to you. If not, you can't get it. That last association of yours that was down here seems to have had the right idea of the return it should make. The other associations have not been doing that and that is what has brought about the discussion in the method of assessing the institutions of your county. Isn't that right?

MR. YENAWINE, Riley county: Yes, sir; that is right. They returned it strictly according to the law. Heretofore we had not taken for assessment any shareholder that had stock in either one of the two building and loan companies in Manhattan because the association paid the tax. The new company guarantees $8\frac{1}{2}$ per cent interest, and of course they can't pay that interest and pay the tax for all the shareholders, and guarantee that interest.

CHAIRMAN HOWE: As a matter of fact, did the other associations ever return for assessment the shares of stock owned by people out of the county? Ever do that?

MR. YENAWINE, Riley county: I really don't know for sure, but I think they have. I feel that we get a great deal more for assessment purposes that way. I know if I had a share in that association I would not want to pay 3 per cent taxes if I lived in a township where there was one mill tax.

CHAIRMAN HOWE: It is another proposition for the legislature to pass upon by changing the law. If the legislature wishes really to reach the shares of stock in the hands of the shareholders it can amend the law by requiring the association to furnish the assessors with a list of those shares, which they are not now required to do. It is merely a question of a small amendment to a statute.

MR. YENAWINE, Riley county: They take the stand that it is just like a bank giving a list of depositors.

CHAIRMAN HOWE: Yes, I know they do.

MR. BIRD, Wyandotte county: What I did in relation to building and loan associations was to go over the statements, on 17 and 18, before I made my assessment, or went into conference with the building and loan. I got the five company representatives together to sit down and talk it over and got an assessment out of the five of \$180,000, and ignored everything, and let them take it out of the earnings and pay the taxes instead of the individuals.

CHAIRMAN HOWE: It was a violation of the law if any of the shares were outside of the district. You were getting something that didn't belong to you just the same.

MR. YENAWINE, Riley county: But take up in my county now, they guarantee $8\frac{1}{2}$ per cent interest, this new organization does, and they can't pay that and pay the taxes.

MR. HEINSOHN, Marion county: If I had any of their shareholders in my county and knew it I would take it too. There would probably be trouble then. That belongs in my county if a man lives there, and if I take it, it would be all right. I would not stand for it myself.

CHAIRMAN HOWE: How many of the *Ætna* building and loan shareholders do you get on your roll?

MR. HEINSOHN, Marion county: Get quite a bit, we get quite a lot of them in Marion county, in the railroad association especially. About \$50,000 anyhow.

CHAIRMAN HOWE: If any of those shares were issued by the association that Mr. Yenawine has been getting the benefit from to which he was not entitled, there is a double burden on the shareholder.

MR. HEINSOHN, Marion county: But the association will not turn them in for assessment because we turn them in over here. It belongs to us.

CHAIRMAN HOWE: You are entitled to it. I remember Mr. Yenawine some ten or twelve years ago when, I guess probably the first association in your city, of which Mr. Murphy was the head, came down here with the proposition that they furnish a list of all the shares, all the shares of stock, and pay the taxes. If they had done that it would be all right,

if the scattered ownerships were returned where they belonged. Instead of that you get the benefit of all of it, and now when this new association comes in and stands upon its rights there is a conflict there. I think it is better to assess them all alike, notwithstanding you will lose some valuation. We could not advise any assessor to assess property not in his jurisdiction.

CHAIRMAN HOWE: Is there anything else that you have to submit? If you have anything on your mind at all, any person.

MR. CARLSON, Pawnee county: In regard to mortgages of record. I don't know whether there are other counties that have the same experience we have or not. On our mortgage records in the register of deeds office there are hundreds and hundreds of mortgages dated back as far as 1906 and 1907—chattel mortgages. We know absolutely that those mortgages are not worth the paper they are written on. Large percentage of the parties are known to either be dead, left the city. Is there not some way for the commissioners—I know there is—but I mean to compel an action of some kind to clear these records of all these mortgages. Of course, real estate is always valid until released; chattel is not. We copy all these mortgages every year and it makes a lot of extra work for nothing. I would like to know if these mortgages could not be left off the list when they are known to be absolutely no good.

CHAIRMAN HOWE: We don't care to have anything reported to us that is no good. Leave it off. A chattel mortgage has a certain life; it expires by limitation so far as innocent parties are concerned, but is good as between the parties, I think, if the credit of the maker is good. It has some value. Such mortgages ought to be assessed.

MR. CARLSON, Pawnee county: Doesn't a chattel mortgage, so far as the record goes, become null two years after it has expired?

CHAIRMAN HOWE: It becomes null as to innocent parties, as to parties other than the two parties to the contract.

MR. CARLSON, Pawnee county: If the chattel securing that mortgage is gone what is to secure the mortgage?

CHAIRMAN HOWE: There will be nothing to secure it.

MR. CARLSON, Pawnee county: The mortgage is valid as between individuals but not as far as the records go, as I understand it.

CHAIRMAN HOWE: No, but it is an obligation, a credit owned, as between the original parties until it is entirely destroyed in value. Mr. Kincaid suggests that a chattel mortgage is invalid after the debt which it secures has been paid. There are real-estate mortgages that are the same way. The records are incumbered with mortgages that have been paid and the owners haven't satisfied the record. All those are liable to a fine of \$100 if action is brought against them, if they fail to satisfy a mortgage of record. I have known of parties being sued for \$100 penalty for failing to satisfy real-estate mortgages that have been paid off.

MR. CARLSON, Pawnee county: I am getting out a separate list for each taxing district, first placing real-estate mortgages after that place, and the chattel mortgages following. Mr. Dexter and I talked that over

and we instructed each deputy assessor to send that list to those taxpayers and tell them either list those for taxation or get them off the record. And by making a list of that kind it enables the deputy assessor to present every one, if the list is made out just as it comes off of the record, and the average deputy assessor is not going to take time to pick out each man's mortgage and show it to him.

CHAIRMAN HOWE: I think if that were generally adopted it would clear the records in a good many counties of a lot of these incumbrances.

MR. MURRAY, Comanche county: It would not affect people who have moved away. Just so far as indebtedness is concerned.

CHAIRMAN HOWE: If there is nothing further we will consider the conference closed.

MR. BECHTELHEIMER, Grant county: Just one question I would like to ask. We have a very large concern in our adjoining county that do business with people in our county and make out notes and mortgages in the names of their relatives who live elsewhere. I would like to ask if there is any way to get them.

CHAIRMAN HOWE: Do you mean that the names of the owners—

MR. BECHTELHEIMER, Grant county: They do business but make out mortgages in the names of their relatives.

CHAIRMAN HOWE: It is a fictitious ownership?

MR. BECHTELHEIMER, Grant county: Yes, sir.

CHAIRMAN HOWE: Put them on the roll. Assess them. If you know that the takers of the mortgages own them, although taken in some one else's name, assess them.

MR. BECHTELHEIMER, Grant county: They make out those mortgages to their sister, and I suppose they have an interest between her and themselves. Probably a lot of it she never knows anything about.

CHAIRMAN HOWE: Do they have a power of attorney from her which enables them to negotiate the mortgages and cancel them, and all that?

MR. BECHTELHEIMER: Of course I don't know for sure. Only what I have been told.

CHAIRMAN HOWE: That's the point. If you get evidence that she don't own them you have got a clear proposition, but if you can't prove that she doesn't own them, that these people really own them, you haven't much to go on.

MR. BECHTELHEIMER, Grant county: I don't know for sure, I believe it is a fact. I just want to find out.

CHAIRMAN HOWE: You can try it on, put them on the roll and let them get them off.

MR. SEYMOUR, Allen county: I am not clear on that building and loan proposition, the withdrawal value of building and loan. Suppose I own \$500 withdrawal value of building and loan stock and I owe \$400. Could I subtract the \$400 from the \$500?

CHAIRMAN HOWE: Your shares are pledged, then?

MR. SEYMOUR, Allen county: Yes; I own the \$500. I could take it out any time, but I owe some other place \$400 and the shares are pledged to secure the \$400, but not to the association.

CHAIRMAN HOWE: No; building and loan shares are not credits. The law expressly says that you shall list the excess value over the amount of your indebtedness to the association, but under no other condition can you reduce the listing value of the shares.

MR. SEYMOUR, Allen county: It would make a difference, then, whether I borrowed money from the association or some other place?

COMMISSIONER KINCAID: Yes; it would make a great deal of difference. All values in excess of the cash surrender value. If you have borrowed from the association they have assets they are going to list. If somewhere else, it would be a debit which could be offset against credits owned but not against the shares.

CHAIRMAN HOWE: The supreme court has said shares are not a credit. If any of you have any questions after you get home, submit them and you will get answers. We will try and get these proceedings out to you before the first of March, so that you can instruct your assessors and perhaps deliver them to your assessors, but anything not clear to you, if you will write to us we will endeavor to answer and make it clear.

The conference is now closed.

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